

INDIANA GAMING COMMISSION HEARINGS

MAY 7, 1996

PRESENTATION BY HORSESHOE CASINOS (INDIANA)

2:45 P.M.

PARTIAL TRANSCRIPT OF QUESTION AND ANSWER

(THE REMAINDER OF PRESENTATION TO FOLLOW)

1 ALAN KLINEMAN: We are here
2 to receive the presentation of
3 Horseshoe Casinos Indiana LLC.
4 If you would commence, identify
5 yourself please.
6

7 TERRY MUMFORD: Commission
8 Members, I'm Terry Mumford, and I
9 am very excited today to be the
10 one who kicks off the Horseshoe
11 Presentation. For the past six
12 months I have lived and breathed
13 this project, and there are so
14 many things that I would like to
15 tell you it's hard for me to know
16 where to begin. So I will begin
17 with you where I began, and that
18 was when Ice Miller decided to
19 join the Horseshoe team. We did
20 that for two reasons: First, we
21 met Jack Binion and liked his ap-

1 proach to the project; most impor-
2 tantly, we liked the project itself.
3 Jack Binion's approach is always
4 to have top quality and give the
5 best value. He has assembled a
6 team for us to work with made up
7 of the highest quality people.
8 I've worked with them and spent
9 more time with them in 1996 than
10 I have with my husband and my four
11 children, and I can assure you
12 that what you have here before you
13 is a very valuable project and one
14 that is very well thought out.

15 The second reason that Ice
16 Miller got involved with the Horse-
17 shoe project is because of the
18 project itself. I was one of the
19 chief lobbyist on the riverboat
20 legislation in 1993 and I knew how
21 important it was to southern

Indiana legislators that we have destination resorts, as a result of that legislation, particularly on the Ohio. I also had observed how difficult it was to achieve three destination resorts in Indiana, but I am very pleased and very happy to be able to tell you that this is it. This is the true destination resort that was envisioned back in 1993 when the legislation was passed. This is a true destination resort because we have the right site, we have the right access, and we have the right development plan. The other thing that legislators talked to me about back in 1993 was economic impact and revenues. This project, because of its configuration, because of its site will have re-

1 gional economic impact, and Horse-
2 shoe has gone further and guaranteed
3 through the revenue sharing formula
4 which is the most generous for
5 the county of Harrison County, but
6 also will have regional impact
7 because we share revenues outside
8 the county.

9 But let me go back to the
10 team that I've been working with.
11 As I've told you, they know all
12 there is to know about this pro-
13 ject, and they're the ones who
14 would make this project a reality
15 for Indiana. Most importantly,
16 this is the team which has made
17 Horseshoe the number one performer
18 in Mississippi and Louisiana.
19 For all the reasons that I've
20 learned since I've been working
21 on the project, I'm absolutely

1 convinced that Horseshoe is the
2 right choice for Harrison County
3 and for the State of Indiana.
4 But you have a long decision-
5 making process ahead of you so
6 let me let you begin where I began
7 and that is with meeting Jack
8 Binion.

9
10 JACK BINION: Good afternoon.
11 I'm Jack Binion. I'm Chairman of
12 Horseshoe Gaming. Horseshoe was
13 the first gaming company to invest
14 in Harrison County. We've been
15 working on this project for over
16 two years. It is by far our com-
17 pany's most important project.
18 You know, maybe because riverboats
19 are so new, everybody just thinks
20 about the next two or three years.
21 But this is gonna have a long,

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far-reaching economic impact on
Harrison County for a long, long
time. Horseshoe Gaming and I
personally am totally committed
to the long term. After all, my
grand nieces and nephews and my
grandchildren have a substantial
part of this business. I care
what happens twenty, thirty, even
fifty years down the road. We
want to be the most competitive
casino in the State of Indiana,
just like we are in the other areas.
Our focus just isn't on Louisville
where people are just gonna come
over, stay a few hours and go back
home. We want our customers to
come from hundreds of miles away.
The customer who is thinking about
maybe going to Metropolis, Peoria,
Lawrenceburg, even Las Vegas, we

1 want them to come here. We want
2 to build up so much customer loyalty
3 and volume and even if Loistville
4 gets gambling, we're still a
5 viable destination. But like I
6 said, we're gonna be the most com-
7 petitive casino in Indiana.

8 I'm now gonna turn you over
9 to our management team for more
10 detailed description of our project.
11 You know, I've been in the gambling
12 business all my adult life. I've
13 been the President of the Horseshoe
14 in Las Vegas for over thirty-three
15 years. When you've been around
16 as long as I have you get to know
17 good management. And with this
18 rapid expansion of gaming, good
19 management is in short supply.
20 By making them my partners in the
21 business, I've been able to put

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put together a great management team and we've been very successful in other areas. I'm really proud of them. Now, with that, I'll turn over Paul Alanis, our President.

PAUL ALANIS: Thank you, Jack.

Good afternoon, my name is Paul Alanis and I am President of Horseshoe Gaming.

The management team that Jack just described came to Harrison County two years ago. It was our mission to find the best possible site for the casino hotel development that we were interested in bringing to this community. We were not committed to any specific site and since we were the

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the first casino company to come to the area, we had a host of sites available to us. From Bridgeport to Mauckport and in between. We first focused in on the Bridgeport area; it seemed the obvious choice since as the crow flies it is the closest to downtown Louisville. However, as we studied the situation more carefully and as we talked to the local experts, we began to realize that the Bridgeport sites had problems. Problems which caused that advantage to be just that, a matter of perception, not reality. Because people cannot get to the Bridgeport area like crows do, they have to drive there along established roadways and through existing communities. And the existing congestion along

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the only road and at the major intersections leading to Bridgeport from downtown Louisville was already a problem. When you added to that the traffic that would be generated by a major hotel and casino development, we determined that we had to look elsewhere. We looked throughout the county along the Ohio River and we ultimately came to Mauckport and found the ideal site. It was flat, buildable and free from environmental problems. It had even been permitted by the Corps of Engineers for a marina development. Best of all, it has superb access, not just from Louisville but in all directions. That site in Mauckport is the site which we are presenting to you today. While admit-

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tedly, slightly farther from down-
town Louisville than Bridgeport,
we considered this to be immaterial.
Why? Because who ever opens in
Harrison County will capture the
entire Louisville market. That's
the easy part. The hard part is
turning this project into a genuine
regional destination resort. That
has been our objective from day
one and it was our reading of the
legislature's intent when they
adopted riverboat gaming and sought
broad based regional economic deve-
lopement and tourism. We can
achieve that here in Mauckport.
We have over six hundred acres
under our control, enough to build
not only our project, but to con-
tinue to expand and improve it in
the future to assure that that

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economic development is long term.
At this point I'd like to intro-
duce to you Cliff Kortman, he is
the head of development and con-
struction for Horseshoe Gaming
and he's going to tell you about
the project that we plan to deve-
lop on that site in Mauckport.
Thank you.

CLIFF KORTMAN: Than you,
Paul.

Members of the Commission,
my name is Cliff Kortman and I'm
the Director of Development for
Horseshoe Gaming. I have with me
today the principal of
Associates, our architectural
firm that will help me with some
of these boards and models. By
way of introduction, let me tell

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you a little bit about myself. I have over twenty years of experience in this business. I've had the opportunity to travel and work in over seventeen states on various and diversified projects. I have management and technical experience in road and highway construction, law and retail work, multi-use convention, high rise, river and bank stabilization, hospitality and hotel construction. More important than anything, I have experience in riverboat and casino development. I was the guy that several years ago planned, budgeted and opened both of our properties in Bosier City Louisiana and Tunica, Mississippi. So let's talk a little bit about our project here today. Site access from

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Interstate 64 is a simple right-hand turn onto a four-lane divided roadway that bypasses Corydon. Just outside of principle retail community in Corydon, the road is well shouldered, two-lane and will deliver the patron approximately fifteen miles into Mauckport. From Kentucky and western Louisville patrons will cross the Matthew Welsh Bridge and make a right turn into our complex. Where these two traffic patterns merge the first infrastructure change will occur, specifically a widening of State Road 135. At this intersection, a turning lane will be provided up from the right and a controlled or protected left-hand turn lane from Corydon. As you come into the site you will be

1 greeted by a divided, two-lane
2 highway. This highway will
3 deliver patrons to our property
4 or to the community of Mauckport
5 they may go to surface parking
6 areas and to covered parking areas
7 underneath the garage, along State
8 Road 11, into the port a cochere
9 drop off area here or on up Lopp
10 Circle Road. They also will have
11 access to this parking area here,
12 the retail community center, and
13 the 18-hole championship golf
14 course. Through the use of modern
15 technology, let me take you on a
16 brief overview of our project.

17 (VISUAL ONLY)

18 (VIDEO PRESENTATION)

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20 As the customer comes into
21 the property he will have three
options on parking. He will have

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the opportunity to self park in a surface parking lot, he will also have the opportunity to park in our enclosed and covered garage, or he can drop off at the porte cochere. We offer free valet parking. As you come from the porte cochere you enter our pavilion building. Our pavilion building. As you enter the pavilion building, amenities included in this area would be retail outlets, entertainment areas, a working blacksmith shop, and a museum where local artifacts would be on display. In addition, there will be two restaurants in this area. A buffet and a steakhouse for which we are famous. Immediately adjacent to this area will be meeting rooms, banquet rooms, a four-hundred seat theatre, all of

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which will be built on a eleven-hundred car parking garage that is entirely below this area. This parking garage will be well lit and be highly secure. The hotel a three-hundred room all suite hotel, will feature a room that is approximately five hundred and fifty square feet in size, which is about standard the size of a normal room. As you can see from the rendering this room will be among the finest in the State of Indiana. Likewise, our riverboat, named the Pride of Indiana, will be elaborately furnished. She will feature high ceiling elements, custom casino carpets, crystal chandeliers, non-gaming areas, restaurants, and non-smoking sections. The Pride of Indiana will

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cruise along the banks of Ohio,
outside of the navigation channel
but within the boundary of the
Indiana State line. We have the
opportunity to cruise down river,
turn around, come back to the dock
or continue on up river, turn a-
round and come back to the dock.
We have any number and variety of
cruises available and the distance
is approximately five miles to
thirteen miles. All of this prin-
cipal development here is located
on forty-two acre parcel that is
already permitted with the Corps
of Engineers. It's correct, it's
already permitted with the Corps
of Engineers for a marina and site
work improvements. This principal
development does not have wetlands.
As a matter of fact, of the six

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hundred and fifteen acres that we now control, 1.59 acres are considered impacted jurisdictional weapons. That's one quarter of one percent. As you know we have entered into development agreements with Harrison County and with the Town of Mauckport. Certain infrastructure changes will occur as a result of that agreement. Our water will come from the South Harrison Water Treatment Facility. We will fund the design and construction of sixty miles of new pipeline, two water storage facilities, one off of Merk Road and one at our site. Additionally, a waste water treatment facility will be designed and constructed to handle the needs not only of our property but for future expansion

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plans of our property, the Town of Mauckport, the expansion plans and expansion opportunities for Mauckport and areas other communities in the area. Two other elements of our development of the 18-hole championship golf course and the community commercial center. I'd like to tell you something about the golf course but actually I'm not very qualified. So I'd like to introduce somebody that is qualified who really needs no introduction in this room.

Ladies and gentlemen, Mr. Fuzzy Zoeller.

FUZZY ZOELLER: Thank you very much.

I will guarantee -- always a pleasure seeing you golfers and ladies -- I will guarantee that --

1 well, I have to say "ladies" be-
2 cause my wife plays the game too.
3 Guarantee on this, when we design
4 a golf course you see a lot of
5 water and sand and my main goal
6 and objective when we do a golf
7 course is to think of the amateur
8 golfer. All right. Amateur golfers
9 are the ones who pay the bill and
10 I want people to understand this
11 will be a public golf course.
12 All right. Don't get intimidated
13 by the water. I put water in and
14 sand traps just for the beauty as
15 you see here. It's just to add,
16 it's like decorating a Christmas
17 tree, putting the ornaments on
18 the tree, just for beauty, not to
19 catch your wild ugly looking golf
20 shots, or my wild and ugly looking
21 golf shots, but strictly just for

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the beauty. This golf course --
I hate to use the word "champion-
ship" because I don't like to run
anybody away from the game. This
will not be built as a monument,
this will be a golf course that's
built for people to play whether
you be a high handicapper or low
handicapper, male or female, you
will enjoy the golf course. It's
just another added amenity that
Mr. Binion and the Horseshoe group
has added. And I am -- it's a
pleasure for me to be involved
with it. As for myself, I've been
born and raised in this State, I'm
very proud of this State and I'm
proud of southern Indiana, this
is my home. This is where I call
home. And I can't say what an op-
portunity this is for me to be in-

1 volved in this. But as for Jack
2 Binion, I've known Jack Binion
3 for nine years and I must tell
4 you people that if there is an
5 Arnold Palmer and Jack Nicklaus
6 in this business, Mr. Binion is
7 the one.

8 I thank you for your time
9 and may all your birdies fall in.
10 Thank you.

11
12 JACK BINION: Thank you,
13 Fuzzy.

14 SLCB Gaming is a partner
15 of ours. They will be actively
16 involved in the planning, design,
17 construction and development of
18 our community retail center. I
19 would like to now introduce to
20 you Mr. Jeff Cohen, a partner in
21 SLCB Gaming. Jeff.

1 JEFF COHEN: Thank you.

2 Commission Members, Mr. Thar, my
3 name is Jeff Cohen. I'm a partner
4 in the law firm of Johnson Smith.
5 However, I am here today as an
6 investor in SLCG Gaming. My part-
7 ners in SLCB Gaming are Steve
8 Simon, from Simon Property Group,
9 Michael Browning from Browning
10 Investments and Janel Lakin. We
11 have a twelve percent interest in
12 this project. I've had the oppor-
13 tunity over the last three years
14 to proudly review fifty gaming
15 opportunities for the Simons and
16 others. We have taken this pro-
17 cess very seriously. Our reputa-
18 tion is on the line in any project
19 that we get involved with. We
20 believe that this is the right
21 project for the State of Indiana.

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Let me tell you why we selected Horseshoe Gaming over the other applicants. Number one; Mauckport is the right location for destination resort. Nine out of ten towns in Harrison County have endorsed the Mauckport site. If you look at the county referendum the people in Bridgeport, the majority did not vote for gaming in a positive way. The people in Mauckport did. That ~~was~~ extremely important to us because we wanted to be involved in a project where the local community wanted our development. The second reason we selected Horseshoe Gaming was they know how to compete with the best. They are the number one riverboat operator in both Mississippi and Louisiana. Every applicant pre-

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senting today and tomorrow in
Harrison County competes in the
Mississippi and Louisiana market,
and Horseshoe is number one in
both markets. That was important
to us because we wanted a partner
that we knew could compete in the
long term. Number three; we like
Jack Binion. He's a good guy.
We've met a lot of gaming companies
their representatives over the
last three years, and he is a class
act. He believes in people and
that is the philosophy that we
believe in. He believes in his
employees and he trusts employees
to run his business. And we're
confident that with that philosophy,
that is what has made Jack Binion
as successful as he is today.
And, finally, we wanted a gaming

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partner that was committed to a project. Horseshoe Gaming is one hundred percent committed to Harrison County. They have done everything necessary to prepare this project to be opened. They have had a local office in the community for eighteen months. They've become a part of the community. They've contributed thousands of dollars to local organizations. They've gone out and found Fuzzy Zoeller to develop a golf course. They've come to us to assist them with a community center. They have done every single thing possible today to prepare themselves for this project. Let me tell you what our role is in this project: We're going to invest three million dol-

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lars in the project. We are also going to develop and lease a sixty thousand square foot community center. The community center will have retail aspects that we have Simon Property Group, the largest real estate developer in the United States to assist us in the retail aspects. We will also have community aspects to the retail set up. It will have a child care facility for employees. It will have an urgent medical care clinic. It will have a police substation. We understand what is right for large communities and what is right for small communities and we will build a community center that is right for Harrison County. In summary, I'd just like to say that after three years of

1 experience in the gaming market,
2 and there being approximately fifty
3 gaming opportunities, we are con-
4 fident in the decision that we
5 have made in partnering with
6 Horseshoe Gaming.

7 I'd be happy to answer any
8 questions at a later time and I
9 now let Cliff finish the presenta-
10 tion. Thank you.

11
12 CLIFF KORTMAN: Thank you,
13 Jeff.

14 What you see before you is
15 what we plan to build. It is
16 covered here in its presentation
17 and it's covered in our applica-
18 tion. Two years ago we finished
19 building in Bosier City. We're
20 building again in Bosier City.
21 We're building additional hotel

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rooms, parking garages, public areas. Likewise, in Tunica, we are in the throes of a major expansion there. We opened that facility about thirteen or fourteen months ago. So we're giving back and we're master planning, we're going forward with additional things. For long term planners, we're master planners. We have future plans here also. I'd like to show you just a couple of those plans. This is a five hundred room hotel. This does not include the two hundred rooms that we've already committed to build. This is five hundred additional all suite rooms. This is an expanded pavilion building, this is one hundred square feet of retail space. This is an enlarged river-

1 boat. What's not referred to on
2 the rendering here is shown in
3 the rendering here as our commit-
4 ment to build a 9-hole golf course
5 and the RV park. We're here for
6 the long term. I'd like to thank
7 you for allowing me to share the
8 opportunity here with you.
9 Thanks.

10
11 PAUL ALANIS: To continue
12 our presentation I'd like to tell
13 you about the economic impact
14 that this project will have on
15 this region, southern Indiana and
16 also about some of the benefit
17 programs that are part of our
18 application and that are critical,
19 I think to your evaluation of us.
20 Before I begin I want to correct:
21 it's three hundred rooms. I knew

1 you'd ask me on questions and
2 answers.

3 A couple of other questions
4 that I might anticipate and so
5 I'll try to answer them now are:
6 Can Horseshoe successfully build
7 a hundred and ninety-seven million
8 dollar project? Do we have the
9 expertise to do that? Do we have
10 the financial wherewithall to do
11 that? Because this is indeed a
12 hundred and ninety-seven million
13 dollar project, fully thirty mil-
14 lion dollars more than any other
15 project that you've issued a cer-
16 tificate of suitability so far
17 for. Lawrenceburg being the
18 largest. So the issue as to our
19 capability as a developer and our
20 capability from a financial stand-
21 point I can say that we are abso-

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lutely capable in both regards.
You've heard about Cliff's back-
ground and my background is also
in development. All suite hotel
development and firm before I
joined Jack was one of the most
successful builders of Embassy
Suites in the United States. And
we have successfully designed and
well executed and completed two
projects in Bosier City and Tunica
which are the best performing
casinos in those respective states.
As to our financial capability,
we aren't the biggest company
that will appear before you, but
we may be out here David to trying
to slay Goliath as it relates to
our financial commitment to this
project and to Harrison County
because I don't think anyone has

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made more of a financial commitment than we. Of the hundred and ninety-seven million dollars of project costs, forty-three percent of it is represented in equity. That is eighty-six million dollars and we have already invested that money into financial institutions, the banks here in the State of Indiana, and it is our commitment to you that if awarded a certificate of suitability we will not withdraw those funds except for the specific purpose of building this project and completing it. The remaining hundred and eleven million dollars is represented by three firm loan commitments: The first is from Debis Financial which is a subsidiary of Mercedes Benz Credit; the second is from Hanwa Company Ltd., and I think it's important to note that with

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respect to these two loan commitments that these are our existing lenders. So it demonstrates their confidence not only in this project but in Horseshoe. The final eleven million dollars is represented by Equipment Financing from IGT. Now, what does this project mean in terms of what you are really interested in and that is economic impact for this area? As you can see it's nearly a half a billion dollars. And this is only the direct impact. We're not talking about all of those indirects that come in and a type of analysis, these are the direct and economic impact from our project. To see the development investment of a hundred and ninety-seven million fixed incentives of seven point six, and our revenue sharing

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program which is thirty-one point eight. An important part of that I might add is that twenty million of it is guaranteed. You will hear during our presentation a lot about the fact that we stand behind what we say. We stand behind it in writing. We have guaranteed that no matter what our revenues are, under our revenue sharing program we will pay a minimum of four million dollars a year to Harrison County, and that is represented by that line of guarantee portion of the revenue sharing. Finally, we will pay taxes over the first five years of our license, two hundred and forty-four million dollars. Now, the difference between the total at the bottom and the top is twelve

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million dollars. And what that represents is the cost of an additional two hundred all suite hotel rooms which are not part of our application and we understand because you cannot give us credit for it, but understand that in the process we have gone through with Harrison County and agreeing to a development agreement, we have agreed to build two hundred more hotel rooms, commence that construction within two years of our permanent operation and finish it one year thereafter. So that additional twelve million dollars will definitely be there. Also essential to your evaluation is what will we do for jobs in the area? And I think it's dramatic. Eighteen hundred new full-time

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permanent jobs. In Bosier City we have over two thousand jobs with a thirty thousand square foot casino. In Tunica we have eighteen hundred jobs similar to here with a thirty thousand square foot casino. We will create twenty-six hundred additional indirect jobs as a result of our being here. So job creation as a result of our project will be forty-four hundred new permanent full-time jobs. Tax revenues as you've seen of two hundred and forty-four million dollars and it's broken down between the State of Indiana which will receive a hundred and sixty million dollars over the next five years and Harrison County will receive eighty-four million dollars. Now, an important part

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of our project proposal is the revenue sharing program that we have. And the most important feature that I think is that it is intended to benefit the entire region. We always believed that that was the legislative intent and it is our intent as well. Harrison County has thirty-two thousand people but there is a significant need in this entire region so that thirty-two million dollars that I just described is going to be divided among eight counties. We have determined that allocation based upon need, proximity to this County, demographics, population, and you will see that we create enormous benefits for all of the various counties over the next five years as a result of this

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program. Our formula is the most generous of any of the applicants. If you take and assume that we will win the same amount, gaming win will be the same for each applicant, you will see that the revenue sharing program that each has adopted will generate that kind of revenue sharing for Harrison County, whether it be a hundred and fifty million or two hundred and fifty million, Horseshoe is always the highest and that relates to all four applications. We believe in giving back to the community and part of that is not just in this revenue sharing program but in our foundation which we are establishing. The William Henry Harrison Foundation. We are going to fund that with

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five point seven-five million
dollars immediately after issuance
of a certificate of suitability.
Our idea here is to allow the
community to fund projects that
are important to them whether
they be infrastructure, whether
they be civic or charitable organi-
zation and we want then to start
their work before we even start
business. So we are funding it
immediately so that their work can
begin immediately. Also part of
our program is two hundred and
fifty thousand which we will give
to Harrison County upon certificate
issuance for Toyota Magnum Program.
That is so that additional busi-
nesses which are not related to
us but which are important, add to
the economic benefits here and to

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the job creation, they take advantage of the nearby Toyota plant and that so businesses that can service that and work with that can be initiated here. Small businesses can be given a start. We believe in education at Horse-shoe, we believe in training our employees well, but we've also been very generous as it relates to jurisdictions that we're in and in helping them with their school systems and we want to start that here as well. So we have a college scholarship program which we will fund with five hundred and sixty thousand dollars during our initial five years of operation. The way this program will work is that the number one student in each of the four high schools

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here in Harrison County, plus a second student who is deemed most deserving by the faculty, will each year be given a twenty thousand dollar college scholarship by Horseshoe to the college of their choice, and upon graduation if they want to come into our industry they're guaranteed a job with us. Finally, we care about the elderly as well as the young and we are going to fund a million dollars into a program to promote and develop senior citizen housing here in the community; it's needed, we've heard the fact that this is needed, we want to help. This program, again, will be with us funding and the community allocating, they'll determine where to go and who should be eligible. Now, all of these programs I think are

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what you want to hear and of course everyone will have them. But it's important to note that we didn't start doing this when we decided to make an application here in Indiana. We've been doing this kind of thing from the day we opened Bosier City, and Tunica, and actually we've been doing that kind of thing here in Harrison County since the day we arrived. We've been part of the community, we've been contributing to the community. It is part of our corporate culture and philosophy. And we have said that we will create an economic boom here, we have done that in those other communities. So I'd like to show you a short video which I think will help you understand and listen to

1 the citizens of Tunica and Bosier
2 and even here in Harrison County
3 about what we have done and how
4 we picture here.
5

6 (VIDEO PRESENTATION)

7 PAM AYRES:

8 "I've worked for two other
9 casinos and this is the best one.
10 We've got very good management,
11 they know what they're doing."

12 MIKE ALLEN: "The Horseshoe
13 in Bosier City has led riverboat
14 industry in the State of Louisiana
15 in both revenues and passenger...."

16 KEN MURPHREE: "Naturally
17 our investment bankers were very
18 interested in what our projections
19 were for the financial performance
20 of the property. And we have
21 really in a significant way exceeded
those expectations. Right now we

1 are currently to about three
2 hundred percent of our fair share
3 of market revenues."

4 PRESTON FRIEDLEY: "When the
5 Horseshoe came in and really ...
6 the department by a full twenty-five
7 percent and it has been very suc-
8 cessful here, but we are planning
9 to reinvest a lot of those funds
10 back into the county."

11 MYRON LOWERY: "We've got
12 over nineteen hundred people work-
13 ing at Horseshoe Casino and those
14 people are citizens of Bossier
15 City and Shreveport and they're
16 spending the money right here in
17 Shreveport and Bossier City;
18 therefore, the biggest winner is
19 our own community. It's gratify-
20 ing to be able to come to a place
21 that gives back to the community,

1 that supports the community through
2 its employment endeavors. And is
3 also providing an economic boom
4 for the area."

5 REPRESENTATIVE CHARLIE

6 WILLIAMS: "They are very active
7 in civic and charitable operations.
8 I can tell you that they assist
9 in just about everything that
10 comes along and they are very
11 generous in doing that and parti-
12 cipating and putting a lot of the
13 money that they make in the gaming
14 industry back into our local acti-
15 vities."

16 TUT SULLIVAN: "The Horseshoe
17 those people came in and wanted
18 to sit down and work with you.
19 They would say: Okay, if that's
20 what we need to do we'll do it."
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E. C. JONES: "Horseshoe has certainly been a great corporate citizen for this area and especially in the charitable part."

DON PEARSON: "We were certainly amazed at just the very few management positions that were filled from outside our community. I would estimate that in excess of ninety-five of all the jobs were filled from local made resources."

SHERRYL TUCKER: "I went from

CAROL NORTON: "I feel that the people that Horseshoe have hired have proven that they do seem to care about the community and they're willing to work with organizations; they're sensitive

1 to the needs and they're sensitive
2 to their surroundings."

3 TIM SHEWMAKER: "We were
4 really, really short on our dona-
5 tions. Fortunately, we got hooked
6 up with Horseshoe Casino and they
7 were able to come through with a
8 contribution that really made our
9 campaign successful. We asked
10 them if they could help us, we had
11 an answer within twenty-four hours,
12 we had a contribution within forty-
13 eight hours."

14 MACON RAY: They seem like
15 a very good group to me. I think
16 that they're very honest and very
17 sincere and I think they have the
18 best interest of this County and
19 this area at heart. We felt like
20 that they were going to be here
21 they wanted to be a part of us

1 and part of the community and
2 part of Harrison County. Maybe a
3 little bit more so than the others."

4 JERRY BEAMS: That's what
5 really convinced me that Horseshoe
6 was kind of open-minded about
7 their wanting to work with us.
8 Even like my group, the VOP, they
9 have asked me is there anything
10 we can do to work with you and I
11 appreciate that. I really do.
12 They have made me feel like it's
13 okay for me to have a voice."

14 RUSSELL PETTY: "I don't say
15 if you look over their records
16 and business dealings elsewhere,
17 uh, they're there to make it a
18 success and what seems to be a
19 long term success."

20 WALLACE MADEWELL: "I feel
21 like that they're what they say

1 they are. I think that when they
2 say that they're going to do some-
3 thing, the indication is to me
4 that they can do it."

5 MIKE ALLEN: General Manager.
6 "And I've been to all of the casinos
7 in this community at one time or
8 the other, and the Horseshoe
9 exemplifies the best of the best."
10 I think everyone within our com-
11 munity would tell you that if we
12 had an opportunity to select
13 another casino operator, we'd be
14 happy to have Bossier City, and
15 I think without hesitancy we would
16 like to see Horseshoe Casino come
17 in again and operate within this
18 community.

19 And I know it's a class
20 operation. They're good people
21 that work here and when they tell
you something you can take that

1 to the bank.

2
3 (END OF VIDEO PRESENTATION

4
5 PAUL ALANIS: It's now my
6 pleasure to introduce to you Mike
7 Allen who is the head of gaming
8 operations for Horseshoe. Mike
9 is also currently serving as the
10 general manager in Tunica, and if
11 you award us the certificate of
12 suitability he will become the
13 general manager here and move to
14 this community.

15 MIKE ALLEN: Thank you, Paul.
16 As Paul mentioned, I will be coming
17 if we're fortunate enough to be
18 granted this license, I will be
19 coming here as general manager of
20 the property. And I'd like to tell
21 you a little bit about my back-
ground. I've been in the gaming

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industry for twenty-five years,
all of my adult life. I have
worked for both small private
companies and large public companies.
Among them Harrah's, Trump and
Carnival. And I'd like to tell
you a little bit about how I came
to the Horseshoe. I met Jack
Binion several years ago and Jack
explained to me that he wanted to
take the Horseshoe brand on the
road, he operated very successfully
in Las Vegas for almost forty
years, and wanted to take advantage
of some of the opportunities in
the emerging markets. I was very
flattered when Jack asked me to
join the company. An opportunity
to work with an individual like
Jack, someone who really does know
this business. He's held a key

1 license longer than any executive
2 in the United States today. I'd
3 like to at this point tell you a
4 little bit about our experience in
5 Tunica. I think it will demon-
6 strate our knowledge of the industry
7 and our ability to compete. We
8 were the thirteenth casino to open
9 in that market, a market that is
10 considered by many today to be the
11 most competitive market in the
12 country. Our competition:
13 Harrah's, Boyd Gaming, Bally's,
14 Circus, and ITT Sheraton Caesar's.
15 Some of the most respected names
16 in the industry today. And how
17 did we do? We're currently the
18 number one operator in each market
19 that we compete in. We dominate
20 these markets. As this slide de-
21 monstrates, to the left you can

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see the figures for the Horseshoe in Tunica. These reflect the win per unit per day per slot machine and how we compare to the average for the State of Mississippi, and then you can see our performance in Bossier City and how that performance compares to the average for the State of Louisiana. This next slide again demonstrates our performance on a win per table per day. Again, in Tunica, you can see how our performance levels compare to the averages for the State of Mississippi and, again, how we compare in Bossier City to the averages for Louisiana. This slide represents our market share and as you can see in the Tunica market the Horseshoe operates thirteen percent of the machines in

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that market and we generate twenty-
three percent of the revenue in
that market. In other words, our
slot machines generate nearly two
times the market average in revenues.
This slide represents our table
games, market share, in Tunica.
We operate eleven percent of the
tables in the market. And generate
twenty-seven percent of the revenue.
Our tables are nearly three times
as productive as the market average.
Quite an accomplishment when you
consider a number of things: We
are the second smallest casino in
that market, and we operate fewer
slot machines and fewer tables
than our competitors. This clearly
shows, I believe, that bigger is
not necessarily better, that better
is better. Now, these figures il-

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lustrate our success. I'd like to tell you how I believe we have accomplished this. I think one of the answers lies in the Horseshoe commitment to its employees. We provide superior wages and benefits. And by way of example in Tunica, our salaried employees average thirty-four thousand dollars a year. Our hourly employees average ten dollars and eighty-five cents and that includes tips. And to put this into perspective, prior to the legalization of gambling in Tunica, the average household income with two wage earners was twelve thousand dollars. We also have a tuition reimbursement program so that any Horseshoe employee who wants to take a class which is related to their job, the

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Horseshoe will pay for that class. We have a promote from within policy. Horseshoe employees will always be given first consideration before we go to the outside. We have excellent training programs which have been developed and which are conducted by our senior management team. The Horseshoe has a record of providing meaningful opportunities for minorities and women with the company. These figures are for all of Horseshoe Gaming, not just one property, and as you can see minorities represent forty-one percent of our work force and women fifty-four percent and more importantly, in supervisory and management positions, minorities hold twenty-three percent of those positions and

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women thirty-nine. I'd like to
at this time introduce you to the
management team that will be
coming here and opening and opera-
ting this property. This is the
same team that successfully opened
our property in Tunica and will
come here to repeat that same
success. These individuals are
responsible for casino operations,
security, finance, hotel food and
beverage, marketing, and human
resources. Their experience is
unparalleled. Collectively, that
management team has one hundred
and seventy years in the gaming
hospitality industry and they have
opened twenty-nine properties. It
is this team that looks forward to
taking on this new challenge and
becoming a part of this community.

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At this time I'd like to present
a short video so you can hear from
someone other than myself about
the Horseshoe philosophy and his-
tory of success. Thank you.

(VIDEO PRESENTATION)

I want to tell you a little
about the Horseshoe philosophy.
It's built upon a strong founda-
tion of always putting the customer
first, providing quality and
genuine customer value. Back in
1957, Jack Binion started working
at the Horseshoe, learning the
business from the ground up.

What we always did is gave
them the best odds, higher limits,
looser slots, bigger jackpots,
more jackpots and that's been our
stock and trade. This is my home.

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The Horseshoe is my home. So I want to impress him, I want him to go away with a good feeling. I want this attention to detail; that's what I tell everybody. In 1991 Jack took the show on the road. He passed up more obvious opportunities like New Orleans in favor of the best location and the right development.

We wanted to see if the Horseshoe would work, the Horseshoe formula - I guess you'd call it a formula - marketing strategy would work in these other areas. And obviously it's worked very well because we have the best boat and best boat in Louisiana and the best one in Mississippi.

It really comes from the tradition that Jack and his father

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built up around the Horseshoe for the last forty years and that is that if you want it to come to a place they gave you the best value for your dollar, that was an enjoyable atmosphere, people treated you nicely and treated you well and was good food. You know, an enjoyable entertainment experience, come to the Horseshoe.

The Horseshoe's next development in Mississippi demonstrates another important principal in Jack's philosophy toward development. The Horseshoe is a long term player.

We do think about the long term. We're not conscious or concerned about each dollar as it comes in. We really do look to developing relationships with com-

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munities that we go into, with our customers, with our employees, and we want to be in the business for the long term.

The ability to consistently operate a superior casino requires superior talent and leadership. Jack found the best talent and did more than just hire them. He made them partners. People who shared the Horseshoe philosophy of customer service, value and a commitment to hard work. With these principles the Horseshoe has grown to become one of the most successful gaming companies in the emerging gaming markets.

What they've been able to successfully do was to transfer a concept that they had in Las Vegas that has worked obviously extra-

1 ordinarily successful for them in
2 the operation of Binion's Horse-
3 shoe in Las Vegas and have been
4 able to successfully translate
5 that concept, that marketing theme,
6 that marketing strategy to emerg-
7 ing markets throughout the country.

8 We feel that Jack's product
9 is a better mousetrap. We feel
10 that it does have the ability to
11 be duplicated in many markets and
12 the ability to be a very strong
13 debt and equity story. All you
14 have to do is go there and you
15 see it. You just have a better
16 box, better it's from there.
17 People know they're getting good
18 value from their money. They're
19 getting the best odds, the food is
20 fresh, and good value, the place
21 is clean. All you have to do is

1 go to a Jack Binion facility and
2 go to the place to the right and
3 to the left, and it's a clear
4 choice.

5 They go head to head against
6 such competition as Harrah's,
7 ITT Sheraton, Circus-Circus,
8 Hollywood, Boyd Gaming. These are
9 not lightweights in the gaming
10 world of competition and the
11 stakes are quite high. These
12 markets as I said are very profit-
13 able. They have been able to be
14 number one in both of those markets.
15 To me that really says it all in
16 their ability to translate what
17 they have in Las Vegas to these
18 other markets.

19 And you can look at it on
20 the one per slot, you can look at
21 it on the one per square foot of

1 gaming space, they crush the com-
2 petition and for good reason. They
3 have a superior product.

4 Well, there you have it. A
5 simple philosophy. But it's what
6 makes Indiana and the Horseshoe
7 such a perfect fit.
8

9 (END OF VIDEO PRESENTATION)
10

11 PAUL ALANIS:

12 In selecting a single operator
13 for Harrison County may be among
14 the most challenging that have
15 been presented to you. You have
16 four financially capable companies,
17 four substantial developments,
18 four experienced operators, and
19 yet in the end you must decide
20 that one of them rises above all
21 of the others and is worthy of
your selection. For the last hour
we've made the case for Horseshoe.
WE've shown you how worthy and

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capable an applicant Horseshoe is.
We've told you about our company,
our philosophy, our team, our
track record and about the develop-
ment and the economic benefits
that we think it will bring to
this entire region of southern
Indiana. But there are indeed
four capable companies that will
appear before you today and tomorrow
so why Horseshoe? Why Horseshoe
above all the rest? There are a
number of reasons, clear and con-
vincing distinctions which we be-
lieve cause our proposal to indeed
rise above the others. Let me
share those principal factors with
you now. First, the site. It
is clearly Mauckport versus
Bridgeport. But if you walk the
sites, if you drive the sites,

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better yet, if you listen to the people who know best, if you listen to that community out there, they will tell you the decision isn't even close. The Mauckport site is head and shoulders above the Bridgeport sites. It's the same conclusion we came to two years ago when we studied that same issue. The necessity to make major road improvements, more importantly the traffic congestion that exists today, include with that the issues of topography and flood control that are problematic for some of those sites, cause the Bridgeport area to be not comparable or equal in any manner to the Mauckport site that we have. Our Mauckport site is indeed problem free. It is flat. It is buildable. All ele-

1 ments of it will be flood protected
2 and it has superb access. That
3 access is not just from Louisville;
4 it's in all directions. And it's
5 the kind of access that will enable
6 that site and this development to
7 be a genuine destination resort
8 that will create economic benefit
9 and bring tourism to this area for
10 many years to come.

11 Second, we are ready to go
12 forward now. Our financing is
13 firmly and completely in place.
14 Our management team has even been
15 selected. You've seen them. And
16 they're ready to move here now.
17 Our governmental permitting process
18 is well under way. As we've told
19 you, a marina development has
20 already been permitted on our pro-
21 perty and that permit remains in

1 effect today, so while we acknow-
2 ledge that the nature and scope,
3 magnitude of our project will re-
4 quire an additional permit, we
5 believe that the review that our
6 property has already been through
7 will make that process smoother
8 and more expeditious for us than
9 almost any other applicant that's
10 appeared before you.

11 There are no environmental
12 groups that have problems with our
13 project. That's because there are
14 no environmental issues that will
15 impede or impair the rapid develop-
16 ment of this property so that we
17 can begin to generate tax revenues
18 and create economic benefits for
19 this region this year.

20 Third: Horseshoe is plain
21 and simple the peoples' choice.

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We have been endorsed by nine of the ten towns in Harrison County. We have regional support as well. We've been endorsed by Scottsburg in Scott County, Tell City in Perry County and Jeffersonville in Clark County, and we have received literally hundreds and hundreds of people from this community have come to us and said: Horseshoe, how can we help you? We support you. Because they support not only us but they support the concept of a development in the Mauckport area as opposed to the Bridgeport area. As you well know the Task Force has elected not to recommend an applicant to you or even to rank the various applicants. Instead, they have elected to enter into a develop-

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ment agreement process and we
have done that. We have acted in
good faith and moved forward and
we are indeed the only company
that has executed that development
agreement as we stand before you
today. We have in fact done an
agreed, in writing, to live, to
do and to live up to every
requirement and expectation that
has been placed upon us by this
County. And that development agree-
ment requires us to meet not only
the impacts of our development
but to compensate and to allow for
future development for other things
and needs that are important to
this community. We are indeed the
peoples' choice and it should be
no surprise to anyone who is in
this community because we have be-

1 come a part of this community. We
2 have been here longer than any
3 other casino company. We've been
4 in this community for almost a
5 year and a half, and from the day
6 we arrived, we began being involved
7 in the community, being involved
8 in civic organizations, and contri-
9 buting to charities and we've de-
10 veloped friendships and relation-
11 ships. Those are the same friend-
12 ships and relationships which we
13 hope to continue and expand into
14 the future.

15 Four: We have presented to
16 you today development and a master
17 plan that will indeed contribute
18 significantly to the well-being
19 of southern Indiana for the long
20 term. This is a development which
21 makes economic sense today and can

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be expanded as we grow the market.
WE have presented to you a proforma
that we know we can and will ex-
ceed. We have not thrown at you
facts and figures that we do not
believe in one hundred percent.
We have never made a financial
projection to a commission such
as yourselves, to the investment
community or to anyone else that
we have not exceeded by a signifi-
cant amount. Our reputation for
performance, our reputation for
integrity and our image in the
financial market place is more im-
portant to us than any single
license. We are here for the
long term. Jack Binion has been in
the gaming business for almost
forty years. You will not hear a
promise from Horseshoe that it is

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not prepared to keep, and more importantly, is not capable of keeping. As we all know, you cannot spend or invest projections. They're only projections. So you should only judge someone based upon the reasonableness of those estimates and based upon their track record in having done, succeeded in performing what they said they would do in the past and in this regard we believe Horseshoe stands out from the crowd.

Finally, this is not just another development for Horseshoe. This is the development for Horseshoe. It is now and into the future will be as important to our company as it is to the citizens of Harrison County and to the State of Indiana. If approved we

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will not build this project, put
it into some portfolio and move on.
No, as we have shown in our develop-
ment agreement with Harrison County,
our commitment to you is that we
will continue to expand and to
improve upon this project to keep
it fresh and exciting and more
importantly to keep it competitive
and successful against the competi-
tion that at some point in the
future is sure to come. I am told
the citizens of Harrison County
this will be your crown jewel.
It will be our crown jewel as well.
And we have committed our most
important asset, our people, our
finest people, to come here, to
come to this community. They are
anxious to come here to make this
project a success for Harrison

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County, the State of Indiana, for
Horseshoe, for all of these reasons
we believe that Horseshoe is indeed
the right choice for Harrison
County and the State of Indiana.
Thank you.

ALAN KLINEMAN: Thank you.
And now we'll take a break before
the question and answer session.
Be back around twenty minutes after
4:00.

(RECESS)

1 (RESUMED AFTER SHORT RECESS)

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3 ALAN KLINEMAN: If the
4 people who are going to answer
5 the question would first identify
6 themselves for the record and so
7 we can keep the record a little
8 bit better, if they are unidenti-
9 fied.

10 ANN BOCHNOWSKI: I have a
11 question. The biggest question
12 and I think maybe some other people
13 here on the panel have the same
14 kind of question. You're project-
15 ing an annual attendance that is
16 ten percent below the average for
17 Harrison County applicant, and yet
18 you're saying your win will be
19 twelve percent above the average.
20 And you also claim that odds are
21 good as or better odds than other

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facilities, so I just don't know
how that happens. How can all
that come together?

PAUL ALANIS:

Well, let me try to explain.

ANN BOCHNOWSKI: Okay.

PAUL ALANIS: Let me talk
about each one. Let's talk about
the win per customer first. I
believe on our numbers are an
average of fifty-nine dollars on
a stabilized basis. We understand
that it's higher than the other
applicants. Let me tell you why
we think that number is both realis-
tic an example. First, we dominate
the high end of the market in the
two facilities which we currently
operate in Tunica and in Bossier.
We have a broad spectrum of play
but we totally dominate that upper

1 end and one of the reasons is be-
2 cause we do give better odds so
3 the more sophisticated player, the
4 person who is playing at a higher
5 level is more inclined to come to
6 our facility than to other facility
7 than to other facilities because
8 they're going to have a better
9 chance to win. So we believe we
10 will get a higher level of really,
11 of the quality play, of the higher
12 level players than maybe some of
13 our competitors would.

14 So that's the first part of
15 it. That we think that the level
16 of play will be at a higher end.
17 Secondly, we do give better value
18 to the customer. Our restaurants
19 are always less price, our retail
20 shops, we leave more dollars for
21 the customer to game with. We be-

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lieve that that is what has happened in our other facilities and we've looked at it carefully. The average win per customer of the riverboat casinos around the Chicago area is about fifty-eight and a half dollars. We think that the level of facility that we have in terms of the all suite rooms, the quality that we have, the ability for us to market, and our marketing programs and the Horse-shoe name which is known so well, will give us the ability to compete at the same level that those Illinois boats do. We do not think that we're comparable to Evansville or to Missouri boats. We think we are very comparable to the Illinois type of situation. And if you look at Tunica, we do

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the same revenue per slot machine
and we do higher revenues per table
games than the Illinois average.
So we're able to obtain per machine
the same levels that they obtain
from, you know, on a customer win
basis and so in a cruising situa-
tion as well. That's a land based
situation to the extent we don't
go anywhere, it's a barge. It's
open twenty-four hours. And it's
clearly the case that in a cruis-
ing environment you will obtain a
higher win per customer and lower
attendance, and that's the second
half of your question. Why do we
have a lower attendance figure.
We think it's a conservative
number. We have, if you will look
at the applications, one less cruise
than all of the other three appli-

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cants. We think that's the right number. We just don't think it's realistic to have a 3:00 A.M. cruise on a Wednesday night in the winter. And so we also believe you can add a cruise easily if the demand is there, you can add a cruise, so if you look we've got one less cruise and if you start taking the averages and just start applying mathematics, we're gonna end up with a lower number if you will in terms of total customer accounts or passenger accounts. I think that's a large part of it and we feel that in the cruising situation that the ration starts to change. The attendance will go down, the win per customer will go up. Those people are captive there for several hours and since they

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can't get off the boat, they tend to gamble more and they intend to lose more frankly per passenger. I think if you look at the statistics around you'll see that that's the case in the industry.

ANN BOCHNOWSKI: So it doesn't matter that your attendance is lower and it doesn't matter that your odds are looser but you've got people who are gambling more higher?

PAUL ALANIS: Higher?

ANN BOCHNOWSKI: Higher.
Higher.

PAUL ALANIS: Higher. Yes.

ANN BOCHNOWSKI: More money is going into the machines?

PAUL ALANIS: That is correct.
I think that they're gambling higher. They have more dollars

1 when they come, we leave them more
2 dollars and the dock sites and
3 the pavilion building to get on
4 the boat with. Jack's famous for
5 his three dollars steaks and his two
6 dollar breakfasts and I think that
7 we feel very comfortable that
8 those numbers are realistic. The
9 number that we have per share,
10 a hundred and sixty-six million
11 dollars of gaming in nineteen
12 hundred gaming positions is equal
13 to the numbers that we're achiev-
14 ing in Tunica with fourteen hundred
15 gaming positions. And in Bossier
16 City as well, we're achieving a
17 hundred and fifty-five to a hundred
18 and sixty million dollars of revenue
19 this year, with again fourteen
20 hundred gaming positions.
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Question inaudible:

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PAUL ALANIS: In Tunica we don't know because we don't take counts. Okay. And in Bossier

DONALD VOWELS: And what about in Bossier?

PAUL ALANIS: Okay. And in Bossier it's in the forties. But let me explain to you why that is the case.

First of all, we have a promotion in Bossier which has been highly successful for us. It's called The Million Dollar Free Pull. Part of our philosophy. You can come into the Horseshoe in Bossier, walk in, you're a member of our slot club, pull the machine and win a million dollars and you don't have to put a quarter in our machine. We've had two millionaires in the last nine months. I think

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probably the only two millionaires
in Bossier City. That brings us,
uh, we know the statistics on this
because we're trying to figure out
how much this promotion costs us,
we have a very good idea, and so
our customer counts are up about
twenty percent by people who just
come in to play the machine and
leave again, so that has thrown
the numbers off by a good ten
dollars per person. And then we
are in again in Bossier City, we
are in a situation where we have
twenty-four operation. We do not
leave the dock. So we have a
much like the Las Vegas type opera-
tion because of the Red River and
situation of the lack of navigabi-
lity there, the legislature allows
the three vessels in Shreveport-

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Bossier to remain dock side. That again I believe lowers that win per customer but we are winning about a hundred, at the rate of about a hundred and fifty-five million dollars a year on fourteen hundred positions.

THOMAS MILCAREK: There was one slot, I didn't understand what it meant, per unit, an average per unit. What's it mean?

PAUL ALANIS: Per unit is a slot machine, so that is one slot machine or video poker machine, that is how much that machine wins on a daily basis.

THOMAS MILCAREK: Well, let's go back to what Ann was just asking about this fifty-nine dollar win, your expenses. To sum up the, your prices dock side are so cheap

1 that the customers are gonna get
2 on with that much more money than
3 they would the other way around.
4 Is that the bottom line that they're
5 gonna have so much more money on
6 them..?

7 PAUL ALANIS: Well, no, I
8 don't think -- I think that our
9 customer mix will be, from our
10 marketing strategy, from our direct
11 marketing ability to directly
12 market and I could have Gary Border
13 come up and maybe even, you know,
14 embellish on this. We believe that
15 we are able to attract the type
16 of customer that will generate
17 this type of revenue. Let's....
18 and tell you also a little bit
19 about the market because that's
20 the key. Not -- the restaurants
21 add a little bit. The key is the

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marketing.

THOMAS MILCAREK: Bottom line here is your customers are gonna be wealthier than somebody else's customers?

GARY

I think more than anything else we win per unit as much as Illinois does. Illinois has like fifty-eight dollars a customer. There's no reason to think that we're not gonna be able to do that since we do it already in Louisiana and Mississippi, we feel like we can do it here also.

THOMAS MILCAREK: I thought you said in Bossier City it was lower?

It is lower but it will depict per unit. You can see that

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our win per unit is just like it
is in Illinois. Therefore, we
feel like that we can win per
customer.... but it does....
another thing we don't do in
Bossier City, we do not charge to
get on the boat. So people come
and go and, you know, sometimes
we, like you said, come on board
they maybe make the million dollar
free pull but they're not really
a customer, but we put them in our
customer account. Have I lost you
on that one?

THOMAS MILCAREK: No, a couple
of years we were real suckers on
the win average, but I think
we've kind of picked up on it.

(SIMULTANEOUS RESPONSES -
UNINTELLIGIBLE)

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GARY I'm Gary

the head of Corporate Marketing.
Did that satisfy your marketing
questions or were there other ques-
tions you want to ask?

MR. MILCAREK: Yes.

ALAN KLINEMAN: Well, let's
talk about where the boat is gonna
be built. Want to tell me about
that?

PAUL ALANIS: Certainly.

About over a year ago we had a
number of discussions with Jeffboat.
We built a very good relationship
with them; Bob Green and all of
his staff, and we have even gotten
to the point of a letter of intent
and a contract, drew up a contract
to have our boat built at Jeffboat.
That's what we wanted and that's
what we still want. A few months

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ago they told us that they had made a corporate policy that they had a big backlog and, you know, the types of barges that they were building, and that they decided that they did not want to build any casino vessels that were more, a hundred feet in width or more. So, if we were to be awarded a certificate of suitability, it's my intention to go back to Bob Green, try and convince him to change his mind because we want to build this boat in the State of Indiana and we think Jeffboat is one of the most competent ship-builders in the country. If he won't change his mind or he can't change that decision, then we will have our boat built in the State of Louisiana. Our policy is to

1 promote industries in the states
2 where we operate.

3 ALAN KLINEMAN: I guess this
4 might be for Jeff, the retail de-
5 velopment, if you would tell me
6 a little bit about that and what's
7 the Simon connection with that
8 program?

9 JEFF COHEN: Steve Simon is
10 investor in associate gaming.
11 We have determined exactly what's
12 gonna be in the sixty thousand
13 square feet yet, whether to make
14 a child care facility and medical
15 clinic that we talked about earlier,
16 Simon property groups....

17 ALAN KLINEMAN: And the police
18 station.

19 JEFF COHEN: And police sub-
20 station. Simon Property Group is
21 basically, uh, Herb Simon has agreed

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that they will assist us in whatever way that we need. So whether we have a formal relationship with them where we actually hire them to lease out the sixty thousand square feet and to help us construct it, or whether we just do it generally, and that's kind of where it stands. We have his absolute commitment to do whatever is necessary to make this a sixty-thousand square foot facility.

ALAN KLINEMAN: Inaudible.

JEFF COHEN: Yes.

ANN BOCHNOWSKI: Can you -- I know you've talked about this during the presentation but I want to make sure I understand, talk about your cruising path, how far out it can go?

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JEFF COHEN: Certainly.
Some of our consultants are here
and I think is
here and he can do this specifi-
cally.

WE have several charts here
that show our cruising This
is our current site right here.
The vessel will back out of its
slip, it will go up river approxi-
mately two miles, it will then
turn around here and our cruise
route continues and we have another
chart here that shows that our
cruise route will continue all the
way up to this point in the river
right here at about mile six
forty-five. At mile six forty-
five she'll come about and will
come back down river. She can

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cruise past the site all the way down, a total of five point five miles from here to here. Here we have over nine hundred feet wide in the river. She can come about there and turn back and come around. So, as Cliff said earlier, our total cruise route is almost eleven miles long. This is actually a true cruise route. We will have one of the absolutely cruising vessels in the State of Indiana that can cruise all within Indiana waters. Additionally, I'd like to point out that we've been before this Commission before and worked on several riverboat projects, and this is the safest site that we have looked at for several reasons. Number one: As you can see we have a lot of area to maneuver in

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the cruise. Number two: There are no barges fleeted up river for almost twenty miles. Number three: Very little recreational traffic in the area. Number four: There is no commercial traffic that operates on a local basis, local commercial traffic. Now, there is a fair amount of traffic that passes through the area, but that shouldn't impact the operation, and therefore, we believe it's a very, very safe cruising site.

ANN BOCHNOWSKI: Why do you suppose -- was there only one site to do that -- why has those other companies chose not to -- I just can't read peoples' minds.

JEFF COHEN: I can't really answer for other companies. All I can tell you is this is an ideal

1 site for cruising and as you can
2 see here, it's one of the widest
3 spots in the river in the whole
4 State of Indiana, so the vessel
5 can come about and actually turn
6 on both the up river and down
7 river portion of the cruise
8 route.

9 ANN BOCHNOWSKI: When you
10 say "turn"..

11 I mean come
12 about, that, instead of backing up
13 going forward and backing up. We
14 actually get to turn all the way
15 around and cruise just like the
16 boat should with the bow going in
17 one way instead of backing up...

18 ANN BOCHNOWSKI: I'm not
19 used to that.....

20 Well, and
21 that's why I say this is one of the

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nice advantages of this site, that it has an awful lot of water, which as you know is the premium in Indiana.

JACK THAR: If I may, are you creating a pleasure boat issue by developing the marina?

Good question, Jack. We don't believe we're actually creating an issue. We believe that, uh, one of our recommendations would be to separate the small vessel marina from the casino vessel, and Horse-shoe has absolutely taken that under consideration right now to separate the two.

JACK THAR: Well, let's go back just a little bit. Two designs that we've seen up on Lake Michigan, the coast guard and the coast guard primarily has taken

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under, major safety issue with the
casino boat will be an attractive
nuisance, for lack of a better term,
to recreational boaters which the
marina has shown that seems to
cost, but the other thing is you
have an area there where there is
no marina, you're creating a
marina which means that you will
increase pleasure boating if, uh,
where you're saying there isn't
much now. Is this well thought
out?

It is well thought
out and it's a good point. The
reason I think this is different
than I'll refer to the Michigan
City site, is you only have a small
area for these vessels to cruise.
This is similar, if you would just
look at Evansville, and you look

1 at it with a marina, this is a
2 marina that's there and yet there
3 is very little interaction between
4 the two. One of the things that
5 we would do here is conduct boater
6 safety classes and educate them
7 on the difference between the two,
8 but we would try and limit that so
9 we didn't mix much. Additionally,
10 when we did our research and com-
11 pleted our marine site risk assess-
12 ment we found that there was very
13 little traffic in the area anyway
14 because a lot of them really fish
15 on bass lakes and everything else;
16 we believe that people will park
17 their boat here and we believe
18 that people will use them, but we
19 also believe that because of we
20 will educate them about this vessel
21 and the interaction between the two

1 we don't believe will create a
2 problem.

3 JACK THAR: Is it possible
4 to re-design a second opening?

5 PAUL ALANIS: We were
6 actually talking about that and
7 we're working with Cliff on that
8 to do that so we would keep the
9 two separate, and that was one of
10 our concerns also, yes sir.

11 CLIFF KORTMAN: I'd like to
12 address one further aspect of that
13 because we have become aware of
14 this issue and I think Rising Sun
15 as well as the, uh, in the Hammond
16 area, and we believe we can re-
17 solve this with the coast guard,
18 but should we not be able to get
19 that resolved in terms of having
20 that marina, rather than change our
21 project now, because we believe we

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can get the job done, it's our
proposal that if it should be a
problem we would do -- we would
take the money that would be saved
from not doing the marina and put
it into some other element of the
project, or alternatively contri-
bute into the foundation that we've
established for Harrison County. It's
not our intention to create an
element of our project which maybe
doesn't have ultimate feasibility
because of a regulatory problem
and then to put those dollars in
our pocket or whatever. Secondly,
you can be assured that we will
not let that, the additional marina,
slow down the development of the
area that's needed to get the
riverboat, the gaming facility and
the rest of the facility in opera-

1 tion. We will not delay in any
2 way, shape or form our going into
3 business. So I think that's --
4 in other words, we're not going,
5 we're not gonna let the marina
6 situation slow us down in terms
7 of getting -- 'cause we can keep
8 that out enough, get the riverboat
9 in there and to create the channel
10 and the like and we can start on
11 the others. We're not going to
12 let the marina situation delay the
13 entire project. That's number one
14 final assessment.

15 ANN BOCHNOWSKI: What was
16 your rationale if the boat

17 CLIFF KORTMAN: It had
18 already been approved for a marina
19 and we thought it was a really
20 nice amenity and in fact, this
21 project originally was believed

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that it had feasibility as a commercial marina, and we thought it was a great idea; it added to the destination resort concept that we always wanted to have here, so we felt that we could accomplish this. I mean the Corps of Engineers had approved it for a marina, now it's only a coast guard issue, and as John said, we think we can resolve those coast guard issues. It's not a Corps issue.

ROBERT SUNDWICK: It seems to me there's enough people on the river that deal with pleasure boats going up and down that river, that shouldn't be a problem. I'd hate to see you, you know, to reduce that marina and to none it would not really pursuing the....

CLIFF KORTMAN: That's in-

1 deed our objective. We intend to
2 build that marina and my only point
3 was that if for some reason the
4 coast guard absolutely said no,
5 there's no way, then we would do
6 the other. But we will look at
7 alternatives like Cliff has just
8 discussed before we abandon the
9 marina. We want the marina.

10 ROBERT SUNDWICK: Can you
11 tell me how far the distance is
12 for somebody between I-265 and 65
13 from Louisville to here at the
14 bridge?

15 PAUL ALANIS: From Louisville
16 to our site, exactly?

17 ROBERT SUNDWICK: The 65 -
18 265 interchange south of Louisville
19 to the bridge. Does anybody know
20 the approximate distance?

21 PAUL ALANIS: I have some
ideas but I'll give you the exact.

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I've been told what I believe to be about thirty....

ALAN KLINEMAN: Is that the way you would think that the Louisville customers would come, this what we call the south route Kentucky across the Matthew E. Welsh Bridge?

PAUL ALANIS: Well, we think that the ones that are in western, the western portions will come that way, but, no, we think the people who are in those eastern suburban areas will come, you know, through Indiana, but that's not what we, you know, we don't think they'll come through Ky. Come on the Interstate and then down on 135.

ROBERT SUNDWICK: Does anybody -- how far is it?

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PAUL ALANIS: About thirty.
It's thirty minutes travel; we
think it's about thirty miles.

ANN BOCHNOWSKI: Yes. That
road seemed a little windy, that
I guess is 35.

RESPONSE: 135.

ANN BOCHNOWSKI: 135. I'm
not from here so I don't know the
numbers. It seemed a little windy
and hilly. Was there -- what im-
provements exactly are you talking
about for that road?

PAUL ALANIS: I'll let Cliff
address that because that's his
area of expertise.

CLIFF KORTMAN: I think that
you're referring to is State Road
11.

ANN BOCHNOWSKI: No, that's
the one over by Bridgeport. The
111 or..

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CLIFF KORTMAN: The one that is real windy that comes through the back way to the site is State Road 11. That is a windy road.

ANN BOCHNOWSKI: All right.

ALAN KLINEMAN: I think she is referring to 135. We did not come on 11 yesterday when we went to the sites.

CLIFF KORTMAN: From Interstate 64 onto 135 via the Corydon bypass it's almost a straight shot.

ANN BOCHNOWSKI: Okay.

CLIFF KORTMAN: It's not a windy road at all.

ANN BOCHNOWSKI: Okay. Well, we went on some windy roads; maybe it wasn't that one. Okay. So what, well, okay, so you're saying you don't feel like there's too many improvements that need to

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be made there?

CLIFF KORTMAN: There is an improvement at the interchange at the our, the interchange at the site.

ANN: Right.

CLIFF KORTMAN: Right now, I'm not sure that but there are some improvements that are planned in Corydon where the Wal-Mart is. There's another intersection, we've added, uh, we think that there's some signalization that needs to be done there.

ANN BOCHNOWSKI: In fact, we did hear that there were problems that, 'cause there's already accidents at that spot.

CLIFF KORTMAN: Right. That road construction and the traffic signalization is not completely

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completed today. There's one more traffic light and one more roadway that will intersect with State Road 135. We did a traffic study based on that type of theory and all the other type here that's important to the area, and very normal working out, very normal conditions, all of the intersections operated on a level of service as defined by the Indiana Department of Transportation.

DONALD VOWELS: Do you mean crowded or high.....

CLIFF KORTMAN: I mean

During the absolute worst case scenario, there are a couple of intersections that you do have to be a level of.....

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That's one hour a week.

ALAN KLINEMAN: Okay, along the same lines, what are you gonna do to spread it to, you know, to handle any of the cost involved of creating that for 135? If you can answer..

CLIFF KORTMAN: We have a budget line item in our proposal and actually in the application that shows infrastructure and road improvements. The approach at the project, the lighting at 135 will be done out of the development budget, that's at Horseshoe's cost, also the infrastructure changes at 135 and Lopp Circle Road will be done at Horseshoe's cost and of course all of the interior improvements will be done at Horseshoe's cost.

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ALAN KLINEMAN: I'm talking more about the Corydon, uh, 64 I-64 area that we come in, the area that we've been talking about.

CLIFF KORTMAN: Right.

ALAN KLINEMAN: Are you going to....

CLIFF KORTMAN: Currently, we do not have any plans to alter any of those intersections or change the level of service that is apparent today at those intersections.

ALAN KLINEMAN: There is this one particular intersection I remember that has a left turn lane and right turn lane and only one through, really, it would be restricting traffic.

CLIFF KORTMAN: I do understand your concern and we also have

1 the same concern.

2 PAUL ALANIS: The simple
3 answer to your question is: We
4 have sent a letter to the Harrison
5 County Task Force indicating to
6 them that if there is a problem
7 at that intersection we will pay
8 for it. We have, from the Task
9 Force meeting that occurred a
10 few weeks ago, we realized that
11 that was an issue to the community
12 and after that meeting we sent
13 them a letter and said: If it's
14 a problem, if it turns out to be
15 a problem, we'll pay for it to be
16 altered.

17 ALAN KLINEMAN: Along the
18 same lines, what sort of commit-
19 ment have you made to the community
20 in respect to emergency response
21 equipment and so forth items to be

1 used for emergency?

2 CLIFF KORTMAN: There are
3 a number of levels of that and I'll
4 try to address some of it.
5 Because it is of a concern to us
6 as well. From a, uh, there are
7 a number of different elements of
8 it and let's talk about each --
9 by the way, as it relates to the
10 vessel itself, we are going to
11 have a paramedic on board that
12 vessel, that is something which
13 Hornblower had recommended to us
14 previously. It is something that
15 they, that's why we have them
16 and that's, uh, so we are going
17 to have a paramedic in terms of
18 that. We have had contact with
19 the facility in nearby, uh, the
20 Jewish Hospital Health Services.
21 They are very close by in Branden-

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burg, and back a couple of weeks ago they had written to us and supported our project and said that they would be available for emergency response and hoped that we could work with them. They are only a matter of minutes away. They have trauma center. We have a trauma center here in Corydon which I believe has sixty-five beds. I'll have Jack come up and talk about a couple more particularly on medical also.

JACK Thank you, Paul. Yes, Commissioner, when we first did our marine site risk assessment that was one of the areas that we had concerns about, the same as you folks do, was to make sure our guests on board are safely taken care of. We have

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looked at several different aspects,
just like Paul said. The first
we can respond to in medical emer-
gencies -- first of all, when we
talked this morning about the
number of EMT's and everything
available, we met with Gary
Klineman who is the manager of
Emergency Medical Services for
Harrison County, and Gary informed
me that there is over one hundred
EMT's in the county that can res-
pond in a matter of twenty to
thirty minutes. Additionally, we
have the hospital, a sixty-five
bed hospital in Corydon, we have
three ambulances with EMT's that
are available, they're gonna have
an extra paramedic that will join
the staff in July of '96, there
are six ambulances that are avail-

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able in Jeffersonville, there are
six ambulances that are available
in Louisville. There's two medical
evacuation helicopters available
from Stat-Flight in Louisville,
there is one medical evacuation
helicopter available from Jewish
Hospital in Louisville. There is
another one medical evacuation
helicopter available from Methodist
Hospital, Indianapolis. Addition-
ally, the Meade County Health
Center, which is just across the
river in Brandenburg, has twenty-
four hour access. They're there,
at least can call a doctor, they
havethere. One of our con-
cerns we talked about all of these
is that we felt that and Greg Reas
also did reference to emergency
management services, concurred that

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there are the resources here. We simply have to put together mutual agreements and everything else, and one of our concerns is since we're on a longer cruise route, we talked about this morning and you heard Greg say: We can respond in twelve minutes. And some people said: Well, is twelve minutes enough? Well, we found that when we did our emergency disaster drill up in Evansville, as we would do here, we would write a complete emergency disaster plan and then we would really put our money where our mouth is and show this plan works, we can do a large drill, but we found when the vessel needed assistance, it took us over seventeen minutes for our trip to get there and then approximately a half

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hour to get in, which meant the ambulances, the fire department and everything, they were there waiting for us. So one of the things we looked at here, and Dr. Ross brought it out this morning, is that if we have someone on board and they need attention, is an EMT enough. We said: No, an EMT probably is not enough. Let's put a paramedic with all the required equipment on board. And we talked about that, that Cliff informed and they supported that. Additionally, we said if we really need to bring the vessel in or even use one of our rescue boats to get that in, and there's helicopters in the area, we supply a place for them to land and said we will build a heli-port just

1 adjacent to our facility so an
2 emergency helicopter could land.
3 So we believe that we have covered
4 the medical emergencies. Now, if
5 we, when we do our complete study,
6 if we find out that there is not
7 enough resources available, Horse-
8 shoe would absolutely be willing
9 to sit down and discuss what it is
10 we need to do.

11 ANN BOCHNOWSKI: Did I hear
12 you say that in that retail faci-
13 lity there would be a medical
14 center also? Was that mentioned?

15 JOHN : Yes. And
16 we need to talk about fire I think
17 too. But in the retail center,
18 we've had discussions with some
19 of the local doctors and we have
20 had, really for the convenience of
21 our customers and because we're

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going to have a lot of hotel guests there, and it makes sense to have members of the community nearby and locate their office. There are several doctors who are interested in doing that. We would have a, like an urgent care center, think that that makes sense, makes sense to them, it's a good place for them to locate. We'll bring them a lot of potential patients there, and so that's, we would have some type of an urgent care facility in the retail area.

ANN BOCHNOWSKI: Was that just recently added based on our questioning of it?

No, we've always considered it..

ANN BOCHNOWSKI: That wasn't, you know, in the ...

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I understand that.

And we've always considered -- we have the child care element. We have been talking to the people here for months in terms of the woman -- there's one woman here who does child care who we've talked about to see if she can do a child care facility. We've had discussions with these people. Our local representatives have been working on these things for a long time.

ANN BOCHNOWSKI: And then all of this that you're talking about on the boat, the helicopter landing and everything, is that just a recent addition today because of our questions?

Well, the helipad is something that he asked us today. That is something today

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that we've considered, and he said to us: What about the heli-pad somewhere and we said of course we, it would be easy to. That, the heli-pad is something we discussed today as an alternative. But it's something -- we are on an ongoing discussion with people at Hornblower because we are interested in safety. We are not interested in saving dollars at the risk of someone's health. I think our commitment to Harrison County and the development agreement that we've signed and the dollars we've committed there do way more than what our impacts are, demonstrate the fact that we're not penny wise and pound foolish. We're here for the long term and we want to protect this community

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and our customers. So if they come up with better ideas we'll adopt them, and that heli-pad is one that we did adopt, but many of these other things we've been considering for months. This is a serious issue because they're volunteer fire departments here, their equipment is minimal, we will have the, you know, the water supply so that's not going to be an issue and we've agreed to spend a lot of money to do that. We will but, but everyone will be doing that, have state of the art fire suppression systems in all of our buildings sprinklers and the like, but we still recognize the need to deal with this problem and we, one of the reasons why we accelerated some of our payments to the

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County, we accelerated five point seven five million dollars for payment of the foundation was originally gonna be one, and then four point seven five. We agreed to accelerate it all. We accelerated a million, one point seven five million in revenue sharing up front. To be up front. That was the, after discussions with them that they needed these improvements to be done now so that they could be available when we opened. We anticipate plans the County will be doing that. The County has our commitment but it will be done no matter what. If they need our continued assistance we will provide it. If it means a fire truck or whatever it means we're prepared to provide

1 that assistance. As I said,
2 we're not in a situation where we
3 want to have something that is a,
4 that is not a hundred percent safe
5 situation for our customers and
6 for our employees and for the com-
7 munity.

8 JOHN DOE: And if I
9 could, Commissioner Bochnowski,
10 I need to fall off for just a
11 little bit. Part of the reason
12 that some of this has come up in
13 the last several days is that it
14 is the first time we've had the
15 chance to meet face-to-face and
16 really discuss at length some of
17 our recommendations even though we
18 just, we provided a report to them
19 last week, but so we get to take
20 some of the blame for that just
21 because it was the first time we

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had a chance to meet. So, uh,
and they were not just one up being
and say, oh, he did this, and so
I'll throw this in the pot, but
we you can see that our recommen-
dations were in there and in print.
We'd like to address the fire
issue on board the vessel first,
and we've sat down with Commander
Bruce Branham, who is handling the
report, in Louisville to discuss
this issue and as well as several
other safety issues several weeks
back. I will tell you that fire
on board the U.S. Coast Guard
approved passenger vessel is not
really a big issue for the coast
guard and for several reasons. I
think one thing that I'd really
like to point out is that we basi-
cally carry our own small fire de-

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partment on board. On our interim vessel, we have two fire pumps, independent, and separate engine rooms that equal out to about three hundred and eight gallons. We have thirty-two fire stations each with fifty feet of inch and a half hose plus the applicable multi-purpose nozzle and a fire... All the officers must before they can get their coast guard license have to go to a U. S. Coast Guard approved marine fire-fighting school. In addition to that, we are required to do weekly drills. In most cases we do daily drills on a fire drill. And, additionally, the coast guard comes out every quarter to make sure that we, uh, they do a quarterly inspection and during that time period we perform or conduct a fire drill

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for them. And it's an ongoing thing so in addition to being trained, we also provide them with full turn out gear and self-contained breathing apparatus. Because as mariners we're used to going out to sea where there is no fire department, so we've really become self-sufficient if you will. Now, that doesn't mean that we say we don't need help from anyone else because we absolutely do, but what I would like to point out is that from the vessel site, the vessels are constructed at a very, very low fire rules - three pounds per square foot. You have eighty-six people a head which means that if a fire breaks out on one deck, we should be able to contain that fire on that deck for

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over sixty minutes. Usually, in
sixty minutes, because we operate
very close to the bank, we can
pull into the bank and there's
several places along the Mauckport
area where we can, to let our pas-
sengers off, continue to fight the
fire with assistance from the local
firefighters, and even tho there
is a volunteer fire department
here and there's one in Brandenburg
and several on the outlying areas,
there are those resources. Now,
the brand new vessel will be equipped
with with a sprinkler system, a
heat detection system, smoke detec-
tion system, as well as the av...
system, and basically, all of the
bells and whistles. I think if
you look at the casualty data you
will see that out of seventy river-

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boats in operation there has not been a single fire that really affected anyone where it had to have a huge evacuation and part of this is because of the rigid construction guidelines that these vessels have to meet. And does that satisfy your question as far as fire? We will sit down with Ray and the local fire department in our management plan and integrate a communication system as well as response system so that they can respond to our -- and respond and assist us. And if we determine that we need additional resources then we will discuss that with them.

ANN BOCHNOWSKI: So we might get some additional in talking to the County?

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Yes. We've looked at things pre-
liminarily and Binion has already
said that, excuse me, Horseshoe
has said that should we need a
fire truck on the scene right there
he will be glad to support that.

ALAN KLINEMAN: Along the
same lines that Mr. Thar asked
his question to you as far as
applicant suitability, if we would
as part of the certificate of
suitability, require you to do
some things on infrastructure or
safety, fire, police, etcetera,
you would look at those and give
them serious consideration, but
what I'm thinking about is in
answer to some of the questions I
sometimes hear we're prepaying
some of the monies we might owe
for revenue sharing or whatever.

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I think that you'll find that the local entities have already, in their own mind, anticipated that income to come in over a period of time and they have places they're gonna put it and then all of a sudden they hear, two years from now: Well, we've paid that and therefore you can't do the part thing you expected to do or whatever, I myself would like to see you roll some of these costs into your initial costs of starting up rather than use in anticipation of

JACK BINION: Mr. Chairman, you have me committed on film. You saw me there in that video say that Horseshoe doesn't watch every dollar that comes in and that we have a commitment for the community

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that we're in, so my answer to that question is quite clear. We would, of course, we're willing to consider any of those and we have done so in the development agreement and that, it doesn't stop there. We believe that this is an ongoing process with the community where we will continue to identify changing needs and we will be willing, continue to fund additional needs as they arise. We don't want to go through a process of discussion with that and find the best way to do it, but I think you will find in the development agreement that we signed, we agreed to do things that were well beyond the impacts of our study. I'm sorry, of our project. And I think it reflects our attitude that, you know, if it's important to the community -- this is a two hundred million project --

1 we're talking about, you know,
2 one percent or two percent of that
3 in all of these things. It's not
4 the end of the world. We need to
5 be in this community for a long
6 time and we want to, you know, help
7 meet the needs as we should.

8 ALAN KLINEMAN: Thank you.

9 DONALD VOWELS: Is it my
10 understanding that you're the only
11 candidate if you will that has an
12 agreement with the county signed,
13 assigned?

14 JACK BINION: Well, I believe
15 that to be the case although I
16 don't know that. I mean, let me
17 put it this way, we were the first
18 to sign, I know that. And I know
19 all of the negotiating--

20 MR. VOWELS: It's stated
21 as of today....

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JACK BINION: Right. And I know all --

MR. KLINEMAN: Stated as of today and was only signed if by Horseshoe, I don't think it's been signed on behalf of.....

JACK BINION: We signed. And I'll bet there will be a few others signing real soon.

MR. KLINEMAN: The issue of time standing.....might have found out that this -- was my understanding with

JACK BINION: I hope we only set the leadership but I don't think we'll be alone in having signed.

DONALD VOWELS: In reference to your temporary boat, what's the status on that? Do you have something lined up?

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JACK BINION: Yes, indeed we do. We have a purchase contract which we have put up over two hundred and fifty thousand dollars in non-refundable money to purchase a boat which is completed and is sitting in Louisiana right now. That boat is similar to the vessel which we currently operate in Bossier City. And it would contain about fourteen hundred gaming positions, that's two hundred and ninety-nine by two ninety-four foot by seventy-four feet. It is finished. It needs to be outfitted with gaming equipment and built to its dead weight survey, it could be up here in sixty days, and we could close it the day after we got the certificate of suitability. In fact, we

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are required under our contract that we need to close it, so we would do so.

THOMAS MILCAREK: What about the temporary facility. I assume it will be in the same spot that the one is in?

CLIFF KORTMAN: I'd like to let address that, but yes, essentially.

Our plans are to berth the temporary vessel inside of the marina as we have mentioned before, the marina site already has the Army Corps of Engineers permit; however, modification to that permit will be required to moore a gaming vessel there. We have already applied for that modification. And just adjacent to that berthing site,

1 will be a temporary building, a
2 temporary parking lot.

3 THOMAS MILCAREK: What will
4 the temporary building be like?
5 Will it be like the temp in
6 Evansville?

7 CLIFF KORTMAN: It, fund
8 wise is how quickly they can get
9 a certificate of suitability...
10 Our commitment is to have a tem-
11 porary land based facility when
12 we build the temporary vessel here.
13 Six months.

14 THOMAS MILCAREK: And can
15 you describe this temporary faci-
16 lity?

17 CLIFF KORTMAN: I just apolo-
18 gize because I have not seen that
19 temp facility in Evansville so
20 I'm not sure what that looks like,
21 but we would either supply one of

1 those temporary tent facilities
2 or we would provide a temporary
3 building.

4 ANN BOCHNOWSKI: Of course,
5 you understand even though it's
6 a temporary site, you would still
7 have to get the Army Corps....

8 CLIFF KORTMAN: Absolutely.
9 Yes ma'am. There is actually, we
10 have done three things with the
11 Army Corps of Engineers. As you
12 know there is existing permit,
13 there is the modification to the
14 temporary gaming vessel, then
15 there is the final Corps permit.
16 We do understand that we have to
17 have the temporary site.

18 ANN BOCHNOWSKI: Basically,
19 they said that takes as long as
20 the permanent.

21 CLIFF KORTMAN: We've made

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application for the temporary...
and facility.

DONALD VOWELS: How many
acres are we talking here, the
riverfront property that you all
have a, is there an option on it,
do you have to purchase it?

CLIFF KORTMAN: We have
forty-two acres under the river-
front property.

THOMAS MILCAREK: And at
Mauckport, how many acres of
riverfront at Mauckport -- you
are saying you have forty-two --
would you have left, do you know?

CLIFF KORTMAN: We are still
.....for calculation.....

MR. MILCAREK: How long have
you had the option?

CLIFF KORTMAN: Hang on for
one second. Let me have him ad-

1 dress the Corps issue real quick.

2 MR. MILCAREK: Okay.

3 LEE MCKINNEY: I'm Lee
4 McKinney, I was commissioned to
5 the Corps of Engineers upon gradua-
6 tion from West Point, and served
7 twenty-four years and three months,
8 and had the good fortune to have
9 three assignments in the civil
10 works field where I did a lot of
11 Corps digging. Since '82 I've
12 had my own firm and have engaged
13 a lot of Corps permitting,
14 coast guard and environmental work.
15 If I could clarify the permit situa-
16 tion which is somewhat confusing.
17 In September the 3rd, 1993, the
18 Corps issued a permit to Riverside
19 Marine Associates to build a, to
20 dig a harbour, and install an
21 operating marina. The State of

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Indiana also issued two work permits; one to dig the channel and one to dig the harbour, and allowed the permittee to place fill material on the land side to elevate the area of both the owners or..... owners. We have recently submitted a modification to that existing permit, asking that we be allowed to reduce the size of the harbour to a smaller foot print and to move a sixty foot channel somewhat upstream and provide a two hundred supply channel which would accommodate the gaming boat. And that is not, does not permit the gaming boat, because that area is essentially environmentally clear, that complete environmental clear except for the requirement to do a phase

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III archaeological resource
which we have recently submitted
the plan to the Corps in the State,
seeking their approval and then
we can start work on that.
All right. If I could go into
it a little bit more, the Phase
I Archeological survey is what
you must do initially. Depending
on what you find, you may be re-
quired to do a Phase II and later
on a more detailed Phase III
digging, encouraged by all the
architects. We are at the final
phase on the existing forty-two
acre site. So I would anticipate
that the Corps, once they decide
to process the modification re-
quested existing permit, we would
be in a position to coordinate
river agencies and issue a permit

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modification in as little as sixty to ninety days, which means construction of the harbour in the entrance channel could then begin. To bring in the temporary boat and temporary mooring facilities, the Corps is instructed us we need to acquire a new permit. We have applied over two weeks ago for that new permit. We've applied to do the work in three phases:

Phase I would be the work necessary to put the temporary mooring facilities in, for the temporary boat to operate, and to put the temporary land site opposite to include a parking and pavilion structure, where ever it might be, and start work on the waste water treatment plant.

Phase II would be to provide

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the permit..... Also that thirty-
two acres which as I said is
environmentally clear except they
are doing the Phase III

And then Phase II would be
to do the work north of Highway
11 which would include a commer-
cial retail center and golf course.

Discussion inaudible.

THOMAS MILCAREK: It shows
that the green that

That's correct. By Horse-
shoe.

THOMAS MILCAREK: That is
controlled....?

That's correct. By Horse-
shoe.

MR. MILCAREK: So all of
the green you have the option on?

CLIFF KORTMAN: That's cor-
rect.

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THOMAS MILCAREK: And then
the red, you're working on that?

CLIFF KORTMAN: We've been
working on it, yes sir.

ANN BOCHNOWSKI: That last
one is always the most expensive.

CLIFF KORTMAN: I think in
our situation though it's not
essential to our project.

THOMAS MILCAREK: What's
that gap in between the two.....?

(Discussion between the
Members and Kortman)

CLIFF KORTMAN: Okay. This
is Mauckport and what we wouldn't
want to do is take away the frontage
of Mauckport. See, this is the
community of Mauckport right in
here.

THOMAS MILCAREK: And how
long is that that's green down to

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where your.....?

CLIFF KORTMAN: You can see that there's a scale on there. There's the mile marker scale. So, it's approximately just over a mile.

THOMAS MILCAREK: And how long have you had that option?

CLIFF KORTMAN: We've had an option on over four hundred and fifty of the acres for over a year.

THOMAS MILCAREK: Okay. And is this four hundred and fifty or would that extend?

CLIFF KORTMAN: The total, the total amount of property under option is six fifty.

THOMAS MILCAREK: Well, I guess my question, the whole bottom line to my question is if one of

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the other applicants wanted to be
in Mauckport, is there any place
where they could have gone?

CLIFF KORTMAN: I don't
think so.

DONALD VOWELS: On the temp-
orary boat, how many slots would
you have? You said fourteen hun-
dred gaminghow many pay
persons.....

CLIFF KORTMAN: We anticipate
probably a little bit more than a
thousand. We would probably have
something in the order of fifteen
table games.

DONALD VOWELS: What would
be the capacity of that boat?
You said fourteen hundred positions.
How many pay persons would get
on that boat?

CLIFF KORTMAN: About twenty-

1 two fifty.

2 DONALD VOWELS: So at two
3 thousand, would that be a
4 Also, of the eighteen hundred new
5 jobs that would be created, what
6 is the approximate pay scale of
7 those jobs?

8 PAUL ALANIS: Well, I
9 think they would be very comparable
10 to what we have in our other faci-
11 lities. Maybe Mike can -- he's
12 gonna be running them, so he can
13 address that.

14 MIKE ALLEN: As Paul men-
15 tioned I think we probably see
16 some figures that are comparable
17 to what we pay in Tunica and I
18 think, because I mentioned earlier
19 the average salary for our employees
20 is approximately thirty-four thou-
21 sand and the hourly rate for hourly

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rated employees averages approxi-
mately ten dollars and eighty-five
cents; that includes tips, so for
those people who work in the
restaurants, uh, cocktail waitresses,
dealers, anyone earning tips, that
would be included in that average.

ROBERT SUNDWICK: Is there
any profit sharing or 401-K or
anything like that?

MIKE ALLEN: Yes, we do
provide a 401-K Program with a
fifty percent match by the company.

ROBERT SUNDWICK: Any type
of insurance?

MIKE ALLEN: Yes, medical,
dental, vision, ninety percent of
the premium paid by the company,
ten percent by the employee.

DONALD VOWELS: Must you be
a full-time employee to receive

1 this?

2 MIKE ALLEN: Yes, you have
3 to be a full-time employee.

4 DONALD VOWELS: What do you
5 consider a full-time employee,
6 hours per day?

7 MIKE ALLEN: Well, right
8 now, in our Tunica property, I
9 believe we only have about ninety
10 employees. Of the over seventeen
11 hundred that we employee that are
12 part-time, those would be people
13 who work less than thirty hours
14 per week.

15 ALAN KLINEMAN: Before we
16 go away, on the breakdown between
17 salary and hourly, the salaried
18 people would be supervisory type
19 persons; is that right?

20 MIKE ALLEN: Yes. That is
21 correct. Approximately fourteen

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hundred of our employees in the
Tunica facility are hourly.

ALAN KLINEMAN: Okay. Four-
teen hundred out of seventeen
hundred?

MIKE ALLEN: Yes sir.

ANN BOCHNOWSKI: I have a
question: Let's assume that in
our infinite wisdom we put a boat
in Crawford County and your boat
is in the Mauckport area, and
Crawford County seems to be much
more accessible from the inter-
state. What would cause people
to take the more difficult route
and go to your boat instead of
taking the easier route and going
to the Crawford County boat?

PAUL ALANIS: Actually, we
are closer to the major market
which of course is Louisville. So

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that we believe we would definitely
be closer and we would have of
course a major facility. I don't
know the type of facility that is
planned in Crawford County, but
it is my belief that it is sub-
stantially less than what we're
planning here. We competed against
eight other casinos in Tunica,
and as Mike said, there were thir-
teen; four went out of business
before we arrived and we were the,
we remained the market leader.
We were the market leader from
the day we opened. And our numbers
would assume that we're not the
only casino in this area, so we
believe we can achieve the numbers
that we've said with the boat in
Crawford County, and we would cer-
tainly not have any opposition to

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Crawford County as opposed to Switzerland County, and of course, it's your decision but it would not impact our development. We would move forward to the matter that we're proposing.

ANN BOCHNOWSKI: Because you may be closer, physically to the -- but convenience-wise I think maybe Crawford County is easier to get to. So you're just saying you have a bigger attraction?

PAUL ALANIS: Well, and I think that from, I believe that if you ask people that from the Louisville market we are, we would still remain significantly easier to access and quicker to get to than Crawford County. I mean maybe locally can....talking about

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the access from Crawford County,
I will have one of the experts

I'm Bill I'm
President of A and F Engineering.
The Crawford County site has con-
siderably more curves and hills
than the Mauckport site. I think
you might have, you visited them
both yesterday, I understand..

ANN BOCHNOWSKI: The reason
I came up with that is that I have
this little report that says:
hilly and winding two-land road.
And that's where I got this. You
know, I don't really, uh, I can't
remember one from the other at
this point.

MR. I have visited
both sites and the Mauckport site
is almost as straight a road as

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you can have. And the Crawford County site, we do have some winding roads.

ANN BOCHNOWSKI: But it's shorter?

MR. That I can't answer.

ALAN KLINEMAN: How far is the exit?

Yeah, it's about fourteen minutes. Yeah, so we have -- Mauckport is a very straight road. There are hills but the grades are minimal.

ROBERT SWAN: How far is it from the exit on 64 to the exit at Crawford County? Was it eighteen miles?

I don't know the distance in Crawford County. It's fifteen to the Mauckport but

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I don't know the distance on...

ALAN KLINEMAN: He's talking about 64.

Oh, fifteen miles.

ALAN KLINEMAN: 135 exit?

Yeah, fifteen more miles.

ROBERT SWAN: No, no, I wanted to know from the exit on 64, coming to Mauckport to Crawford County's exit; it's fifteen miles or eighteen?

Fifteen.

THOMAS MILCAREK: One man connect with 103 here on 64 and come down.....

(discussion by commission)

ROBERT SWAN: I have one quick question. I heard in your presentation a couple of times that

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you had endorsements from nine of
ten communities in Harrison County,
I think you said.

PAUL ALANIS: Towns, yes.

ROBERT SWAN: Towns. And I
hadn't heard that before from the
County; maybe I missed it in the
presentation from the County. How
did you obtain those endorsements,
were they formal endorsements or?

PAUL ALANIS: Yes, they're
letters of endorsement and some
of those, they've come to us and
others, we've gone to them and
we've had ongoing discussions with
these communities, these towns,
and they have supported us. We
have not given them anything, we
have not promised them anything,
there is nothing that is not in
the presentation we made to you

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that is going to any of those towns,
those endorsements came because
of their belief, I presume in us
and in the Mauckport site.

THOMAS MILCAREK: If there
were only ten -- are there only
ten towns in the County?

PAUL ALANIS: Yes, that is
correct.

THOMAS MILCAREK: Which one
did not endorse?

PAUL ALANIS: I bet you can
guess: Elizabeth. And Gary ques-
tioned it because Mauckport we
have entered into a development
agreement and so we because of our,
you know, we're being adjacent to
them, we have agreed to do some
things with Mauckport as I did pre-
sent in the presentation, but as
to all of those other towns, there

1 are no agreements or promises.

2 DR. DAVID E. ROSS, JR:

3 In your Tunica, Mississippi Casino,
4 how many boats are there between
5 your boat and Memphis?

6 PAUL ALANIS: There are --
7 we are the closest location pre-
8 sently. There are three master
9 plans at that site for a three
10 casino development. Sold off one
11 site to ITT Sheraton, sold off
12 another site to Circus, so they
13 are on the left and the right of
14 us; it's a three casino complex.
15 Recently, Bally's in December
16 opened a casino which is adjacent
17 to ours which is by a few feet
18 closer to Memphis but all four of
19 us are along the same road that
20 we built. Grand Casinos is under
21 construction with a large facility

1 that will be slightly closer to
2 Memphis. But presently our casino
3 center complex which really includes
4 four casinos is the closest one
5 to Memphis.

6 DR. ROSS: How much of being
7 closer to Memphis do you attribute
8 your success?

9 PAUL ALANIS: Well, it cer-
10 tainly is a factor, there is no
11 question, but I would say this:
12 When you look at our performance
13 vis a vie the two neighbors that
14 we have, that's where you can
15 really tell the difference because
16 they, we don't have any locational
17 advantage over Sheraton or Circus,
18 and we do dramatically better at
19 revenue than Circus and signifi-
20 cantly better revenue than Sheraton.
21 We probably do two to three times

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the revenue per slot machine or
table game than Circus-Circus
does. We do significantly more
than Sheraton as well.

ROBERT SUNDWICK: Let me
ask a question about investment.
What's your investment in Mississippi
as in Memphis investment?

PAUL ALANIS: An estimate
of sixty million dollars.

ROBERT SUNDWICK: And
Louisiana?

PAUL ALANIS: In Louisiana,
a hundred and twenty million
dollars.

ROBERT SUNDWICK: It's by
far your largest project?

PAUL ALANIS: Oh, original
investment, is that what you're
talking about? Or what we're
planning to...

1 ROBERT SUNDWICK: No, what
2 is your original investment?

3 PAUL ALANIS: Oh, pardon me.
4 Eighty million dollars at each,
5 originally invested. So, yes,
6 it is...

7 ROBERT SUNDWICK: By far
8 your largest investment?

9 PAUL ALANIS: Crown Jewel.

10 DONALD VOWELS: Can I ask
11 one more question. Have you dis-
12 cussed then putting police into
13 this sub-station and if so have
14 you talked with the county sheriff,
15 and if you've done that, have you
16 put some money into that part of
17 the project as well? Have you
18 asked for funding in that aspect?

19 PAUL ALANIS: No. Our idea
20 there is to provide space. In
21 other words, to provide it rent

1 free. So we don't -- we were
2 gonna build that center anyway
3 and that center is in our budget,
4 so that means we wouldn't get re-
5 venue off of, you know, a couple
6 of thousand feet that we would
7 have in that center for it.

8 Alan Milbert, our local
9 representative has talked with the
10 Sheriff here about the needs. We
11 have not worked out specifically
12 anything with regard to a sub-
13 station and I anticipate that this
14 kind of dialogue will continue to
15 proceed as we go along with the
16 project and we'll find out exactly
17 what is appropriate. I anticipate
18 that there will be other needs
19 and that there will be, if we
20 were to be approved, you know,
21 probably other things that would

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arise that we would continue to try to integrate into that center. One of the reasons for having that center is to try to be able to have a certain amount of space available, be able to be responsive to these needs as they arise. We're not looking to that center to be a major profit center for this project. I mean I think you can see from our performance that we anticipate minimal revenue from that center. I mean that's not what we're looking for.

ALAN KLINEMAN: I'm sorry to say that I have to leave and Ms. Bochnowski, the Vice-Chair of the Commission, will be taking over, and I want to personally thank you for all.

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PAUL ALANIS: Thank you.

ALAN KLINEMAN: And thank you for coming, and want to say we were emphasizing fire safety because we think that Fuzzy might burn up the course.

PAUL ALANIS: He hopes next week.

ROBERT SWAN: Just to follow up on that question. I haven't seen your development agreement yet. I have read it actually. Is there anything in there with respect to the law enforcement activity?

PAUL ALANIS: I will let our attorney address that.

BILL The Milburn Agreement does specifically provide that we will coordinate with

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the county representatives their emergency management needs on their emergency management plan. So we're prepared to discuss that with them. One of the provisions in the development agreement is that we have agreed to be flexible in whatever occurs during these presentations and during the proliferation of the Gaming Commission so that if an additional commitments or promises are made, they will be told to the developer.

DONALD VOWELS: How about your other two operations and motels, are those.....?

PAUL ALANIS: Yes, we have two hundred rooms in Tunica which we were one of only three companies to originally build hotel rooms with our original construction.

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Those two hundred motel rooms are on the barge, directly above the casino, very convenient to the customer. Bossier City, we have two hundred hotel rooms but they are not on the site we bought, an existing hotel in the community there. It is a few miles from our facility but we are proceeding with plans for a six hundred room hotel that would be on site. But we have always had two hundred rooms associated with each property when it opens.

DONALD VOWELS: The two hundred rooms that are on site, what is the approximate room occupancy on an average week or a month or how ever you calculate it?

PAUL ALANIS: Approximate is a hundred percent. We turn away

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a hundred and fifty to two hundred reservation requests every day.

DONALD VOWELS: That shows a need for a motel.

PAUL ALANIS: That's why we're building three hundred and twenty more in Tunica.

ANN BOCHNOWSKI: Did you do any study here to determine the need for hotel rooms? I mean I can't see too many hotels around here but...

PAUL ALANIS: Well, we believe -- I think the comment was made before by one of the members of the Commission: How can you have a destination resort without hotel rooms?

ANN BOCHNOWSKI: Right.

PAUL ALANIS: We believe that the key to the success of this

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project is hotel rooms. That's
why in our plan we have three
hundred and we, and like what we
did with the County in our develop-
ment agreement because it was
part of our original thinking was
agree that we would bring on two
hundred more. We did look at the
market. We determined that much
like people at Carnival said,
exactly what we think could generate
in terms of finance, but we feel
very comfortable with three hundred
will -- we will fill up those
three hundred rooms and that we
will need to bring more rooms on
right away. We were very sensitive
also though to making certain
that we had full occupancy and
that we were not adversely impact-
ing the existing, you know, motel

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market in this area. And one of our partners is an investor in Budgetel. So we're not interested in adversely impacting any of the existing businesses in this community. We think the way we've done it with having three hundred and then bringing on two hundred more and then we have a master plan to take it up to a thousand, makes sense and we think we can grow the market as we are operating in order to make that, you know, to have that work and to have it make sense. We're very comfortable with three hundred. We did a market analysis and felt that three hundred made total sense and that two hundred more to follow afterwards would be economically sensible.

1 DONALD VOWELS: Could I
2 ask a question of Mr. Binion
3 please?

4 Mr. Binion, we're really
5 happy to see you here today and
6 your enthusiasm for the project.
7 It just occurred to me that you
8 have a significant interest in
9 the whole project personally through
10 various interests, if you were to
11 walk out of here today and get
12 run over by a car or something,
13 who would we look to to carry on
14 that enthusiasm that you have?

15 JACK BINION: Well, as you
16 can see, I've put together what I
17 feel is a great team and maybe
18 they would even like to see me
19 get run over.

20 (LAUGHTER)

21 But I feel like at this point

1 I have set the tone, the philosophy
2 and the marketing strategies and
3 I feel like the team can carry it
4 right on.

5 DONALD VOWELS: Your finan-
6 cial interests will carry on,
7 and I just want to be comfortable.

8 JACK BINION: If you look
9 at the structure of the company
10 and why did I really go out be-
11 cause it's the truth that my grand-
12 nieces and nephews and my grand-
13 children and children have a very
14 substantial part of this business.
15 They have more interest in this
16 business than I do. So when I
17 tell you that, you know, I'm trying
18 to hang on where, when they're
19 ready, that they can take over.
20 I, I tell you what, if you really
21 look at what has happened in Vegas

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because I've been in Las Vegas for a long time, you just don't realize what's gonna happen here. I mean the economic impact is gonna be unbelievable and this is why we put it in the Mauckport site because I feel like it's at the center of the County, and I don't want to get preachy here so I'll stop. Okay.

MR. VOWELS: Thank you.

JACK THAR: Could I just follow up on that?

JACK BINION: Yes.

JACK THAR: What might concern us is whether or not Ted Binion would have the potential of getting in the ownership interest in this.

JACK BINION: Absolutely not.

JACK THAR: Thank you.

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JACK THAR: On the Army
Corps of Engineer permitting
situation, you're not trying to
tell us that you have a Corps
permit right now to start building
a gaming facility, are you?

CLIFF KORTMAN: No, I'm not.

JACK THAR: What you have
is, the property has a permit
in suspension status; would that
be correct?

CLIFF KORTMAN: That is not
correct.

JACK THAR: You have acti-
vated that by asking for a change
in that permit?

CLIFF KORTMAN: We have
asked for an extension for that
permit. Several months ago that
permit has extension, original ex-
tension in

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JACK THAR: Do you believe the advantage then is to be able to start construction of the marina and then modify it once you got the gaming permit from the Corps? Is that what you are ...?

LEE MC KINNEY: That is an advantage to us we feel. We have already made application for that modification for gaming vessel.

JACK THAR: And they are waiting for you to get the certificate of suitability to proceed forward; is that it?

LEE MC KINNEY: That would be my presumption, yes. That would be my assumption, correct.

JACK THAR: That's the last step in our agreement with the Corps, but absent getting the cer-

1 tificate of suitability, what
2 you are saying is you could build
3 the marina before they acted on
4 your gaming, is that right?

5 LEE MCKINNEY: We have a
6 permit right now which is probably
7 expires on August the 31st of this
8 year and we have requested a three
9 year extension for construction
10 period. We in construction as
11 currently permitted could begin
12 with concurring with the Corps
13 that we be allowed to go ahead
14 with Phase III Archeological
15 Resources on the east connected
16 to the assignment, while we dig
17 the marina. And they have indi-
18 cated in the original permit
19 protect them from doing that. We,
20 today have a permit to start digg--
21 ing a large marina harbour and

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what we've asked for a modifica-
tion is of the existing permit is
to dig a smaller harbour and a
two hundred foot wide channel
and put a six foot wider channel
to the slightly upstream location.
So that's the permit modification
that I was just based on my exper-
ience, once the Corps makes the
decision to process the applicant
for modification, they've had the
request for a couple of weeks and
I have had no contact with them
at this point. I think that that
could be approved by the Corps
in sixty to ninety days and the
suitability license and determina-
tion issue the construction could
begin on the marina and then the
channel for the gaming operation.
The gaming operation itself..

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JACK THAR: That's where I've got the problem. Well, I can see that the Corps might agree that you could go ahead and build a commercial and pleasure craft marina. Our understanding with the Corps is that they're not gonna allow any gaming developers until they've taken a look at the whole package, so it's to your benefit would be that you'd get the building of the marina out of the way but you couldn't modify the gaming boat until they gave you the affirmative.

LEE MCKINNEY: Well, what I'm saying is we don't know whether the Corps will process the modification to the existing permit prior to suitability. They have not indicated that one

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way or the other.

JACK THAR: Do you know if they will process the modification request independent of the application for a gaming vessel permits?

LEE MCKINNEY: Yes.

JACK THAR: They will?

LEE MCKINNEY: The worst case is if they do delay processing the permit modification request to the existing permit. I believe that once the suitability is issued they would process the modification request as well as the permanent application, and I would anticipate that they could approve the permit modification, the existing permit, to allow construction of the modified harbour and entrance channel to accommodate

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a gaming boat for construction of a harbour and entrance channel to begin within about sixty to ninety days. Then the other work, the new permit, Phase I would be to bring in a temporary boat and construct temporary mooring facilities, but the significant difference there that we have made of the other applicants is we would be in a position in my view to start construction of a harbour much sooner than anyone else can because we have the existing permit that we're asking to modify. The major difference there is that existing permit area before you leave the site has been reviewed by all the appropriate State agencies and cleared from our Milburn report except for

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completing the Phase III

Archeological

JACK THAR: How long until
you open the temporary facility?

LEE MC KINNEY: I would be
afraid to quote as far as const-
ruction time, would be hard.

JACK THAR: About how long
after Corps permit? How long a
....How long from the day you get
a certificate of suitability do
you anticipate it's going to be?
What we're hearing basically is
that you feel you're so close to
really getting a permit, far as
to construct a marina, and then
secondly that that's, you're just
right on the edge then of getting
the overall okay to go ahead with
the gaming moorings and stuff.
How long can you open a temporary

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facility from June 1?

LEE MCKINNEY: Sixty to ninety days. And construction and (further remarks inaudible.)

If you're asking me how long before the gaming vessel would be in operation?

MR. THAR: Yes.

I don't know how long the Corps approval will be.

LEE MCKINNEY: Sixty to ninety days after they have processed the modification we could start construction. I think we have approval of the modification. Then you'd have construction period lapse. During that period the Corps would be reviewing and processing and putting out the public notice our permanent new applica-

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tion which would be a three phase operation to bring in a temporary boat, build temporary mooring facilities. I would anticipate using Doug Shelton's rule of thumb six to nine months. And in our case because most of the forty-two acre site is environmentally clean, I think we'd be pushing the envelope quite easily to get it in six months because we don't have to start from square one, doing the wetlands , doing the archeological investigation.

JACK THAR: That's what I want to find out; six months from when?

LEE MCKINNEY: Okay. Suitability.

MR. ALANIS: Let me see if we can clarify. There is an exist-

1 ing permitand to build
2 a site adjacent to the marina.
3 We have a modification then to
4 modify the marina.

5 JACK THAR: And that's sixty
6 to ninety days.

7 PAUL ALANIS: We also have
8 an application into the Corps for
9 a temporary vessel. We're not
10 sure how long that application
11 will take. Historically, it's
12 taken six months, but we think we
13 have a competitive advantage be-
14 cause it deals with the exact same
15 site that's already been permitted.

16 JACK THAR: So when it's all
17 said and done we're still at the
18 mercy of the Corps and rule of
19 thumb that Doug Shelton has given
20 us of six to nine months?

21 PAUL ALANIS: That's correct.

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JACK THAR: Okay.

LEE MCKINNEY: That is in our case because we have done so much of the archeological investigation and the environmental investigations, which has not been completed and approved, at any of the sites. It has been completed and approved for the forty-two acres which is the core of our site.

JACK THAR: So you could have some advantage but not enough to take it outside of the six to nine months of Doug Shelton?

LEE MCKINNEY: Oh, I think so.

JACK THAR: Well, then that is what I'm asking.

LEE MCKINNEY: I think--

JACK THAR: --You think you

1 can beat that?

2 LEE MCKINNEY: Yes.

3 JACK THAR: I want to know
4 how strong you are on that commit-
5 ment?

6 LEE MCKINNEY: Based on my
7 experience it's my view that if
8 we were starting from scratch to
9 get a permit this size, we'd be
10 looking at twelve to eighteen
11 months.

12 JACK THAR: I'm not asking
13 about what you've got in hand.
14 How soon you can open temporarily
15 from June 1. That was an arbitrary
16 date that you got. Most everybody
17 else is saying six to nine months.
18 Can you beat that?

19 LEE MCKINNEY: I think we
20 can do six to nine months. I'm
21 not confident the others can do it

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in six to nine months, if I can
be very candid.

JACK THAR: I'm just asking
about you. Just you.

LEE MCKINNEY: I think we
could have a permit to bring a
temporary boat within six months
after suitability. Not six to
nine months, but six months.

JACK THAR: All right.

PAUL ALANIS: Our position
is it is in six to nine months'
period, it's somewhere in that
window of six to nine months.

JACK THAR: And you hope
you're on the earlier end rather
than late?

PAUL ALANIS: Exactly.

JACK THAR: All right.
Thank you. Who will staff and pay
for the set up of the clinic and

1 maintain the personnel at the
2 clinic at the retail space?

3 PAUL ALANIS: We will pro-
4 vide subsidy for the rent and we
5 assume that the doctor will pay
6 for, you know, equipment and
7 things like that because all it
8 will require him to do is moving
9 an existing practice into there.

10 JACK THAR: So this won't
11 be a Horseshoe run clinic; this
12 will be an opportunity for some-
13 body else to come in?

14 PAUL ALANIS: But what we
15 wanted to do is be a facility that
16 can provide that type of care and
17 provide the type, uh, we think it
18 is a perfect opportunity both for
19 us and for someone in the community
20 because it's appropriate in that
21 location.

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JACK THAR: That assumes
you will be able to lure a physician
to that part of Harrison County?

PAUL ALANIS: Three have
indicated they would move.

JACK THAR: Who would pay
for the police and/or sheriff
sub-station?

PAUL ALANIS: We would pro-
vide the shell there, we would
provide the building rent free.
We would provide the facility rent
free and we would then have the
facility operated out back but
we would provide that, again, we
would own the facility, it would
be part of the retail center we
would continue to own but we
would provide it rent free.

JACK THAR: But the outfit-
ting of the facility and the..

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PAUL ALANIS: We'd build it out, of course, and we would assume that there would also be some communication equipment that would be needed. We could..

JACK THAR: Just let me ask the question.

PAUL ALANIS: Sure, I'm sorry.

JACK THAR: Are you going to completely outfit the facility and then they'll come in and be able to stay there rent free? Are you gonna provide them with the building and they have gotta outfit it?

PAUL ALANIS: We would be willing to completely outfit the building, provide it to them so it could be used.

JACK THAR: So if they needed

1 a holding cell, you'd build that?

2 PAUL ALANIS: Haven't con-
3 sidered it, but we would consider
4 it.

5 JACK THAR: The scholarship
6 program.

7 PAUL ALANIS: Yes.

8 JACK THAR: And I didn't,
9 I just had a hard time understand-
10 ing exactly how this works. It's
11 twenty thousand dollars. Is that
12 a one time twenty thousand dollar
13 thing for a student or five
14 thousand a year?

15 PAUL ALANIS: It's five
16 thousand..

17 JACK THAR: Five thousand
18 a year for four years?

19 PAUL ALANIS: That is cor-
20 rect. Each student would receive
21 five thousand each year during
their college.

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THOMAS MILCAREK: Would that
be out of the community fund that
if we render in Harrison, whether
it was the foundation?

THOMAS MILCAREK: Oh, it is.
okay.

PAUL ALANIS: It's above
that. It's beyond that.

JACK THAR: Mr. Zoeller,
are you gonna participate in the
creation of the golf course, or
just put your name on it?

FUZZY ZOELLER: I'm glad
you said that. No, my job is to
design the golf course which you
see the layout has already been
made. As I, uh, what I do is a
consultant, I think of myself as
a player, which sometimes I feel
I am on the PGA tour, is to make
sure that this golf course doesn't

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get carried away and is built into a monument like some of our golf courses that you see on TV, that are going bankrupt nowadays.

But I make sure the bunkers are placed in the right position, the tee's are nice and straight, the greens and the bunker and the amount of the greens, the lakes are all in there just to add beauty; not to catch the wild golf shot. But that is my job and to build a golf course that's not only fun but challenging for everyone. I like to bring the fun back into the game.

JACK THAR: How will this course rank with the course you just built in New Albany?

FUZZY ZOELLER: What, at Covered Bridge?

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JACK THAR: Yes.

FUZZY ZOELLER: It will be comparable to that.

JACK THAR: Comparable?

FUZZY ZOELLER: Yes sir. I will put it right up in that class. And I'm very proud of the Covered Bridge project we have there in Sellersburg, and my job again was to build a course that people could enjoy coming out and having fun. It's gonna be a beautiful setting right here. Very playable by all. Even the ladies.

ANN BOCHNOWSKI: Okay, you are recovering.

ROBERT SWAN: And, Mr. Thar, that wasn't a relationship that was formed this morning. He has known Jack for about nine years and they've been good friends.

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ANN BOCHNOWSKI: Does anybody else have more questions?

Okay. We'll be starting back here in the morning at 8:15 and I thank you very much for all your time in answering our questions. Thank you.

(RECESS)

(THIS CONCLUDES ALL OF THE PROCEEDINGS IN CONNECTION TO THE GAMING HEARINGS OF THE INDIANA GAMING COMMISSION ON MAY 7, 1996.)